

## **COUNCIL CONSTITUTION COMMITTEE**

### **Minutes of a meeting of the Council Constitution Committee held on Tuesday, 8 December, 2009 at 6.15 p.m. in the Civic Offices, Telford**

**PRESENT:** Councillors I.T.W. Fletcher (Chairman), R.K. Austin, A.J. Eade, G.M. Green and J.M. Seymour

#### **CCC-06      MINUTES**

**RESOLVED** – that the minutes of the Council Constitution Committee held on 3 September, 2009 be confirmed and signed by the Chairman.

#### **CCC-07      APOLOGY FOR ABSENCE**

Councillor D.R.W. White

#### **CCC-08      DECLARATIONS OF INTEREST**

None.

#### **CCC-09      PRESENTATION BY PUBLIC –i OF ITS E-PETITIONS FACILITY**

Matthew Jennings, Senior Relationship Manager, together with Sarah Gusterson, Account Manager, outlined the operation and benefits of their public-i software system. The benefits were summarised as:

- A simple and fast instrument of engagement with the public
- A requirement of the Local Democracy, Economic Development and Construction Act
- Designed to comply fully with DCLG guidance on petitioning
- Simple to use and understand
- A fully realised product that could be launched very quickly
- Available on an open-source basis or could be fully hosted and supported by public-i

The Government supported the use of e-petitions as an easy way to engage with the community on-line.

A detailed discussion took place on the operation of this system, such as the validation processes and the level of control that would be available to the Council in terms of accepting valid petitions and deciding whether or not to restrict the scheme to people living, working or studying with the Borough.

#### **CCC-10      REVISION OF THE COUNCIL'S CONSTITUTION**

The report of the Head of Legal Services presented the report setting out proposed changes to the Council's Constitution and requesting the Committee to recommend their approval to full Council.

At the Council meeting held on 30 September, 2009 it was resolved that the proposed Scheme for Public Speaking at Plans Board and the proposed Scheme for Dealing with Petitions be referred back to this Committee for further consideration and the report provided Members with an update on progress on these two Schemes.

#### Public Speaking at Plans Board

The Committee was informed that before the finalised scheme was brought back for approval further consultation would need to take place with:-

- The Head of Planning & Transport in order ensure that any proposed scheme could work effectively and efficiently – (December 2009 – January 2010).
- Members of Plans Board (January – February 2010)
- Parish Councils (February 2010)

It was estimated that the final scheme would then come back to this Committee in March 2010 for approval and then go on to Full Council in April 2010 for final approval.

Members raised a number of questions, which officers agreed to address in finalising the Scheme. In particular, the need to allow the Chairman of the Board discretion in who he allowed to speak and for how long was agreed. As the Committee was aware, members of the Plans Board received appropriate training on the need to speak only on planning related matters when determining applications, and it was agreed that other members should receive training prior to the introduction of the final Scheme.

#### Local Petitions

Following the presentation at the start of the meeting and, subject to a decision being made on whether or not to proceed with electronic petitions, a draft Petitions process would be completed and further consultation would take place with Members and Customer Services. It was anticipated that the final scheme would come back to this Committee in March 2010 for approval and then go on to Full Council in April 2010 for final approval.

The Democratic Services Manager agreed to provide a flow chart setting out the operation of the proposed Scheme for Dealing with Petitions.

It was agreed that the Democratic Services Manager should continue to explore appropriate software systems and bring a preferred option back to a future meeting of the Committee for its consideration.

#### Standards Committee - Creation of a Dispensations Sub-Committee

At its meeting on 17 September 2009 the Standards Committee had considered new legislation, which had changed the criteria for obtaining

dispensations, and had resolved to make a recommendation to this Committee to establish a Dispensations Sub-Committee to hear dispensation applications. The provision of a such a sub-committee was allowed for under Section 54A (1) of the Local Government Act 2000. The benefits of using a sub-committee would be the ability to consider quickly applications which were sometimes made at relatively short notice and would fit in with the structure already established to assess Code of Conduct complaints.

The proposed structure for the sub-committee recognised the statutory requirement for an independent chairman, the need for an elected member to be present and for a parish councillor representative to also be a member of the sub-committee if the application was made by a parish councillor. The Terms of Reference for the sub-committee, as required to be included in the Constitution, were set out in the report.

Elected members could apply to the Standards Committee for a dispensation to allow them to take part in a council meeting when they would otherwise be prevented from doing so due to a personal and prejudicial interest in the business being discussed.

With regard to the first Term of Reference, the Chairman suggested that the wording be amended to include parish councillors. It was, therefore, agreed that the words ' and members of other relevant authorities' should be inserted following the words 'members of the authority'.

#### Terms of Reference for the Health Monitoring Committee

At the Council meeting held on 26 November, 2009 the Leader had announced, with Members' full support, the establishment of a Health Monitoring Committee. An appropriate amendment was, therefore, agreed to the Motion on the agenda relating to health provision in Telford and the Motion was carried. Proposed Terms of Reference for this new Committee were set out for Members' approval in the report.

For the purposes of clarification the Head of Legal Services sought approval for the first and third Terms of Reference, as set out in his report, to be amended to read:

1. To gather information and consider the implications of any local health reviews that affect the Borough and the implications for people in Telford & Wrekin.
3. To consider and co-ordinate the Councils response to proposals from the PCT for any changes in health service provision in the Borough and to report findings and make recommendations to Cabinet.

He further informed the Board that, subsequent to the publication of the report, some concerns had been raised with respect to the wording of the second Term of Reference, which read:

*“To work with the Health Monitoring Scrutiny Group and the Joint Health Scrutiny Committee in relation to formal consultations on significant changes to health services in the Borough.”*

In order to maintain the individual key roles of these groups, it was suggested that this wording be deleted.

With regard to the proposed Membership of the Health Monitoring Committee, Councillor J.M. Seymour suggested that the Cabinet Member with responsibility for issues relating to the NHS and the Telford & Wrekin Primary Care Trust should be included.

**RESOLVED:**

- (a) **That, following consultations with the Head of Planning & Transport, Members of the Plans Board, and Parish & Town Councils, in line with the timetable set out in the report, and in line with the comments made at the meeting, a final Scheme for Speaking at Plans Board be submitted to the Committee at its meeting in March 2010;**
- (b) **That further software options be investigated and a final Scheme for Dealing with Petitions be submitted to the Committee at its meeting in March 2010;**

**RECOMMENDED – THAT COUNCIL APPROVES**

- (a) **The proposed changes to the Constitution to create a Dispensations Sub-Committee, and the addition of the Terms of Reference for the sub-committee, as set out in paragraph 7 of the report, to Part 2, Article 9 of the Constitution subject to the first Term of Reference being amended by the insertion of the words ‘and members of other relevant authorities’ after the words ‘members of the authority’;**
- (b) **The proposed changes to the Constitution to establish a Health Monitoring Committee and the addition of Terms of Reference for the Committee, as set out in paragraph 8 of the report, subject to:**
  - (i) **The first Term of Reference being amended to read:  
“To gather information and consider the implications of any local health reviews that affect the Borough and the implications for people in Telford & Wrekin”;**
  - (ii) **The second Term of Reference, as set out in the report, being deleted;**
  - (iii) **The third Term of Reference being amended to read “...to report findings and *make* recommendations to Cabinet”;**
  - (iv) **That the Membership of the Committee be amended to include the Cabinet Member with responsibility for issues**

**relating to the NHS and the Telford & Wrekin Primary Care Trust.**

The meeting ended at 7.05 p.m.

**Chairman:** .....

**Date:** .....

**DRAFT**

**TELFORD & WREKIN COUNCIL**

**COUNCIL CONSTITUTION COMMITTEE – 13 APRIL, 2010**

**REVISION OF COUNCIL CONSTITUTION**

**REPORT OF THE HEAD OF GOVERNANCE**

**1.0 PURPOSE**

- 1.1 To request the Committee to agree the proposed changes to the Constitution, as set out in the report, and recommend their approval to full Council.

**2.0 RECOMMENDATIONS**

**That the Committee recommend to Council:**

- 2.1 **The changes to Article 12 of the Constitution as shown in Appendix A of the report;**
- 2.2 **The changes to Part 4 – Rules of Procedure – Section 6 Financial Regulations within the Constitution as shown in Appendix B of the report;**
- 2.3 **The deletion of Part 7 – Management Structure, as shown in Appendix C of the report, from the Constitution;**
- 2.4 **The changes to the Terms of Reference of the Audit Committee as set out in Appendix D of the report;**
- 2.5 **The changes to the Terms of Reference of the Appeals Committee as set out in paragraph 7.2 of the report;**
- 2.6 **Approval of the proposed Scheme for Local Petitions, attached as Appendix E of the report;**
- 2.7 **Approval of the proposed Scheme for Public Speaking at Plans Board, attached as Appendix F of the report.**

**3.0 SUMMARY**

- 3.1 The main changes to Article 12 are required to incorporate recent legislation in respect of the requirement for local authorities to have designated a Director of Children's Services, a Director of Adult Social Care and a Scrutiny Officer. They have also been revised to reflect the new organisational structure.

- 3.2 The changes to Part 4 – Rules of Procedure Section 6 – Financial Regulations, and Part 7 – Management Structure are required to reflect the revised organisational structures/responsibilities and to ensure continued good governance. A more comprehensive review and update will take place during 2010/11 to accommodate any further organisational changes and the desire to further simplify and clarify the Constitution. These changes will be developed to be implemented for the new Council in May 2011.
- 3.3 The changes to the Terms of Reference of the Audit Committee are to include the requirement for the Committee to monitor the Treasury Management arrangements in addition to their review.
- 3.4 The changes to the Terms of Reference of the Appeals Committee are for clarification and to make it less ambiguous in terms of other types of potential appeal.
- 3.5 At the meeting of this Committee on 8<sup>th</sup> December, 2009 Members considered the draft Scheme for Local Petitions and the draft Scheme for Speaking at Plans Board and asked, that following appropriate consultation, the finalised Schemes be brought back for final approval and recommendation to Council. These amended schemes are attached as appendices E and F.

#### **4.0 PREVIOUS MINUTES**

Council Constitution Committee – 3 September, 2009 (Minute Nos. CCC-04 & 05)

Council – 30 September, 2009 (Minute No. 44)

Council Constitution Committee – 8 December, 2009 (Minute No. CCC-10)

Council – 28 January, 2010 (Minute No. 79)

#### **5.0 ARTICLE 12 – OFFICERS**

As shown in Appendix A of the report, the following paragraphs require amendment:

Explanatory Comment

12.01(a)(b)(c) – Management Structure

Delete the words ‘The statutory posts referred to above will have the functions described in paragraph 12.02-1204 below.

Insert new 12.05 – 12.07

#### **6.0 PART 4 – RULES OF PROCEDURE - FINANCIAL REGULATIONS**

As shown in Appendix B of the report, the following paragraphs require amendment:

Section 1 - Status of Financial Regulations

Section 2 - Responsibilities  
Section 4 – Accounting Systems, Financial Records and Returns  
Section 5 - Financial Management and Control – Revenue  
Section 6 – Financial Management – Capital  
Section 7 – Taxation and Leasing  
Section 8 – Controlled Stationery and Authorised Signatories  
Section 9 – Internal Audit  
Section 10 – Public Accountability – Responsibilities  
Section 11 – Purchasing Arrangements  
Section 12 – Schemes Financed Partly or Wholly by External Funding  
Section 13 – Orders for Work, Goods and Services  
Section 14 – Corporate Credit Cards and the Government Procurement Card (GPC)  
Section 15 – Payment of Accounts  
Section 16 – Cash Income and Debtors  
Section 17 – Banking Arrangements  
Section 18 – Payments to Employees  
Section 19 – Travel and Subsistence  
Section 20 – Imprests  
Section 21 – Risk Management  
Section 22 – Insurance  
Section 23 – Security and Control of Assets  
Section 24 – Treasury Management  
Appendix A – updating of EU Financial Limits

## **7.0 PART 7 – MANAGEMENT STRUCTURE**

7.1 Following the restructuring of the Council details of the senior management structure, as set out in the Constitution, are no longer applicable and it is proposed that this section be deleted

## **8.0 SECTION 10 – COMMITTEE PROCEDURE RULES**

### **8.1 Functions, Powers and Duties of Audit Committee**

Addition of sub-heading of ‘Treasury Management’

Section 13 – addition of the words ‘and monitor’

### **8.2 Functions, Powers and Duties of Appeals Committee**

Amendment of Delegated Matter No. 4 as follows

‘To ~~hear~~ consider appeals against decisions relating to the refusal of free home to school transport.’

## **9.0 LOCAL PETITIONS**

9.1 A copy of the amended Scheme for Local Petitions, following the consultation responses received, is attached as Appendix E.

## **10.0 PUBLIC SPEAKING AT PLANS BOARD**

- 10.1 A copy of the amended Scheme, as amended following consultation with the Head of Planning & Transport and chairman of the Plans Board, is attached as Appendix F. As agreed at the meeting of the Committee on 8<sup>th</sup> December, 2009 the Scheme has been amended to give the Chairman of the Plans Board discretion, in certain circumstances, to extend the time limits for speaking.

## **11.0 OTHER INFORMATION**

<b>Equality &amp; Diversity</b>	The business of the Committee considers equality and diversity in an appropriate manner.
<b>Environmental Impact</b>	None arising directly from this report.
<b>Legal Comment</b>	The Local Government Act 2000 requires the Council to have a Constitution. This Committee has been established to review the Constitution and to provide advice and guidance to the Council on any proposed changes.
<b>Links with Corporate Priorities</b>	The Council seeks to deliver its objectives of providing leadership, accountability and high standards in local democracy.
<b>Opportunities &amp; Risks</b>	The opportunities and risks associated with these proposals have been identified and assessed. Arrangements will be put in place to manage the risks and maximise the opportunities that have been identified.
<b>Financial Implications</b>	A budget is in place for payment of allowances to elected members under the current leadership structure. The total cost of member allowances paid under the proposed new structure will need to be managed within the resources available. Costs associated with the consultation exercise will be met from existing budgets.
<b>Ward Implications</b>	Borough wide

## **12.0 BACKGROUND PAPERS**

Council Constitution  
Local Government and Public involvement in Health Act 2007  
(Schedule 4, Part 1, section 3)  
The Local Democracy, Economic Development and Construction Act  
2009

Report prepared by Jenny Marriott (Audit & Risk Manager – 01952-38310),  
Matt Cumberbatch (Legal Services Manager – 01952-383255) and Emma  
Harvey (Solicitor – 01952-383255)

## Article 12 – Officers

### Explanatory Comment

12.00 This Article describes the structure of the Council and the roles of the Statutory Officers - Head of Paid Service (Chief Executive), Monitoring Officer (MO), ~~and~~ Chief Financial Officer (CFO), Director for Children's Services (DCS), Director of Adult Social Services (DASS) and Scrutiny Officer.

#### 12.01 Management structure

- (a) **Structure:** The Head of Paid Service will determine and publicise a description of the senior overall-officer structure of the Council. ~~This is set out at Part 7 of this Constitution.~~
- (b) The Corporate Management Team is made up of the Chief Executive, Corporate Directors, Assistant Chief Executive and any other officer as determined by the Chief Executive. The duties of the Corporate Management Team include the delivery of effective governance and corporate and strategic management of the Council through collaborative working with elected members and partners, including the pursuit of the Council's vision, priorities and core values. Each Corporate Director has responsibility for at least one eCouncil priority portfolio of responsibilities which may include statutory responsibilities, service areas, corporate themes, projects and strategies, and where applicable statutory responsibilities, partnerships and specific projects.
- (c) The Council is required to designate the following-statutory officers (as per paragraph 12.00) posts: Head of Paid Service, Chief Financial Officer, and Monitoring Officer, wwho will act in accordance with their professional standards and best practice guidance.

~~The statutory posts referred to above will have the functions described in paragraph 12.02-12.04 below.~~

#### 12.02 Functions of the Head of Paid Service

The Head of Paid Service shall undertake all duties designated under Section 4 of the Local Government and Housing Act 1989. These are personal functions and must be undertaken by the Head of Paid Service personally. Where the Head of Paid Service is also the Chief Executive he/she may delegate other functions which are not included in Section 4.

- (a) **Discharge of functions by the Council.** The Head of Paid Service will report to full Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers.
- (b) **Restrictions on functions.** The Head of Paid Service may not be the Monitoring Officer but may hold the post of Chief Financial Officer if a qualified accountant.

#### 12.03 Functions of the Monitoring Officer

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- (a) **Maintaining the Constitution.** The Monitoring Officer will maintain an up-to-date version of the Constitution and will ensure that it is widely available for inspection by members, employees and the public.  
<http://www.telford.gov.uk/Council+democracy/Democracy+elections/Council+Constitution.htm>
- (b) **Ensuring lawfulness and fairness of decision making.** After consulting with the Head of Paid Service and Chief Financial Officer, the Monitoring Officer will report to the full Council [or to the Cabinet in relation to a Cabinet function] if he or she considers that any proposal, decision or omission would give rise to unlawfulness or following receipt of an ombudsman's report indicating if a decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.
- (c) **Supporting the Standards Committee.** The Monitoring Officer will contribute to the promotion and maintenance of high standards of conduct through provision of support to the Standards Committee.
- (d) **Receiving reports.** The Monitoring Officer will receive and act on reports made by ethical standards officers and decisions of the case tribunals.
- (e) **Conducting investigations.** The Monitoring Officer will conduct investigations into matters referred by ethical standards officers and make reports or recommendations in respect of them to the Standards Committee.
- (f) **Proper Officer for access to information.** The Monitoring Officer will ensure that Cabinet decisions, together with the reasons for those decisions and relevant officer reports and background papers are made publicly available as soon as possible.
- (g) **Advising whether Cabinet decisions are within the policy framework and budget.** The Monitoring Officer will advise whether decisions of the Cabinet are in accordance with the policy framework and budget.
- (h) **Providing advice.** The Monitoring Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and policy framework and budget issues to all Councillors. The Monitoring Officer shall also provide advice to officers and members in relation to personal and prejudicial interests.
- (i) **Appointment of a Deputy.** The Monitoring Officer shall appoint a deputy to act in his/her absence and when the Monitoring Officer is unable to act as defined in **Section 5 of the Local Government and Housing Act 1989.**
- (j) **Restrictions on posts.** The Monitoring Officer cannot be the Chief Financial Officer or the Head of Paid Service.

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### 12.04 Functions of the Chief Financial Officer

- (a) **Ensuring lawfulness and financial prudence of decision making.** After consulting with the Head of Paid Service and the Monitoring Officer, the Chief Financial Officer will report to the full Council [or to the Cabinet in relation to a Cabinet function] and the Council's external auditor if he or she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully.
- (b) **Administration of financial affairs.** The Chief Financial Officer will have responsibility for the administration of the financial affairs of the Council.
- (c) **Contributing to corporate management.** The Chief Financial Officer will contribute to the corporate management of the Council, in particular through the provision of professional financial advice.
- (d) **Providing advice.** The Chief Financial Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity, policy framework and budget issues to all Councillors and will support and advise Councillors and officers in their respective roles.
- (e) **Give financial information.** The Chief Financial Officer will provide financial information to the media, members of the public and the community.
- (f) **Supporting the Audit Committee:** The Chief financial Officer will contribute to the promotion and maintenance of high standards of governance, audit, probity and propriety, risk management and the approval of the statement of accounts through provision of support to the Audit Committee.

### 12.05 Functions of the Director of Children's Services (DCS)

The Children Act 2004 Section 18 (1) requires the Council to appoint a Director of Children's Services. The Director of Children's services is tasked with improving the well-being off all children and young people in the local area across all five Every Child Matters outcomes, and ensuring that outcomes gaps between the most disadvantaged children and their peers are reduced.

(a) The functions of the Director of Children's Services are specified in Section 18(2):

- functions conferred on or exercisable by the LA in its capacity as a local education authority<sup>1</sup>;
- social services functions as they relate to children within the meaning of the Local Authority Social Services Act 1970;
- functions relating to persons leaving care<sup>2</sup>;
- functions in respect to the co-operation to improve well-being with partner agencies ;multi agency arrangements to safeguard and

<sup>1</sup> Subject to exceptions set out in Section 18(3)

<sup>2</sup> Sections 23C to 24 D Children Act 2004

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- promote welfare; information databases ;children and young people's plans<sup>3</sup>;
- functions under section 75 of the National Health Service Act 2006 on behalf of an NHS body, so far as those functions relate to children
- functions in respect to the improvement of young children's well-being; provision of child care; information ,advice and assistance, and training to child care providers<sup>4</sup>, and
- such other functions conferred on or exercisable by the authority as may be prescribed by the Secretary of State by regulations

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### (b) Key roles:

- leadership –
  - to promote the importance of improving outcomes for all children and young people,
  - to encourage all services to contribute to improving outcomes for all children within the Children's Trust and other partnerships; and
  - working with local head teachers collectively to drive up standards in schools and improve children's wellbeing.
- championing children and young people and their families within the local area;
- management of the local authority's children's services, with professional responsibility and accountability for their effectiveness, availability and value for money;
- safeguarding and promoting the welfare of children
- supporting looked after children
- ensuring there are effective arrangements for school improvement in the area;
- ensuring effective delivery of the authority's responsibilities for 14-19 commissioning and provision, and all aspects of 16-19 provision;
- promoting early intervention and prevention in delivering services for children, young people and families; and
- emphasising and ensuring all plans and strategies reflect the importance of reducing child poverty in the area.

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### 12.06 Functions of the Director of Adult Social Services (DASS)

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The Children's Act 2004 makes an amendment to Section 6 of the Local Authority Social Services Act 1970 and requires local authorities with social services responsibility in England to appoint an officer as the Director of Adult Social Services (once the duty to appoint a DCS has commenced).

(a) The DASS is accountable for the delivery of local authority social services functions listed in Schedule 1 of the Local Authority Social Services Act 1970 (as amended), other than those for which the DCS is responsible, in respect of adults.

(b) The responsibilities of the DASS must properly relate to the local authority's functions in respect to adult social services including:

<sup>3</sup> Sections 10 to 12 and 17 Children Act 2004

<sup>4</sup> Part 1 of the Childcare Act 2006

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- accountability for assessing local needs and ensuring availability and delivery of a full range of adult social services;
- professional leadership, including workforce planning;
- leading the implementation of standards;
- safeguarding vulnerable adults;
- managing cultural change;
- promoting local access and ownership and driving partnership working;
- delivering an integrated whole systems approach to supporting communities; and
- promoting social inclusion and wellbeing.

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### 12.07 Functions of the Scrutiny Officer (SO)

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The Scrutiny Officer shall undertake the following functions, including:

a) **Promoting Scrutiny** - the SO will promote the role of the authority's scrutiny committee(s) and sub committee(s)

b) **Provide Support** - the SO will provide support to the scrutiny committee(s), sub committee(s) and members of those committees or sub committee(s).

c) **Provide Support and Guidance** - the SO will provide support and guidance to the members of the authority, members of the executive of the authority and officers of the authority in relation to the functions of the authority's scrutiny committee(s) and sub committees.

The Scrutiny Officer post cannot be held by the Head of Paid Service, Chief Financial Officer or Monitoring Officer.

### **12.085 Duty to provide sufficient resources to the Head of Paid Service, Monitoring Officer and Chief Financial Officer**

The Council will provide the Head of Paid Service, the Monitoring Officer and Chief Financial Officer with such officers, accommodation and other resources as are in their opinion sufficient to allow their duties to be performed.

### **12.096 Conduct**

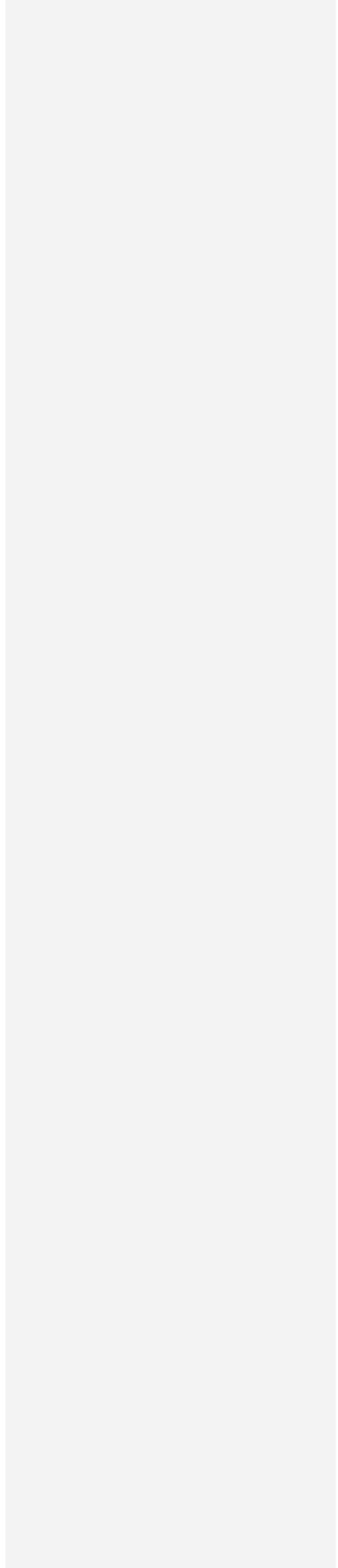
Officers will comply with the Officers' Code of Conduct and the Protocol on Officer/Member Relations set out in Part 5 of this Constitution.

### **12.1007 Employment**

(a) The recruitment, selection and dismissal of officers will comply with the Officer Employment Rules set out in Part 4 of this Constitution.

(b) All officers shall be appointed on merit in accordance with Section 7 of the Local Government and Housing Act 1989.

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## Part 4 – Rules of Procedure

### Section 6 – Financial Regulations

<u>Index Point</u>	<u>Description</u>
1	Status of Financial Regulations
2	Responsibilities
3	Financial Planning
4	Accounting Systems, Financial Records and Returns
5	Financial Management and Control – Revenue
6	Financial Management – Capital
7	Taxation and Leasing
8	Controlled Stationery and Authorised Signatories
9	Internal Audit
10	Public Accountability – Responsibilities
11	Purchasing Arrangements
12	Schemes Financed Partly or Wholly by External Funding
13	Orders for Work, Goods and Services
14	Corporate Credit Cards and the Government Procurement Card (GPC)
15	Payment of Accounts
16	Cash Income and Debtors
17	Banking Arrangements
18	Payments to Employees
19	Travel and Subsistence
20	Imprests
21	Risk Management
22	Insurance
23	Security and Control of Assets
24	Treasury Management
25	Unofficial and Voluntary Funds

#### 1. Status of Financial Regulations

- 1.1 Financial Regulations are part of the Council's control environment providing a framework for managing the authority's financial affairs and contributing to good corporate governance, internal control and the management of risks. In addition they assist sound administration, reduce the risk of irregularities and support delivery of effective, efficient and economical services.
- 1.2 The Financial Regulations apply to all officers and members of the Council and anyone acting on behalf of the Council. They also apply to any partnerships that the Council is a member of and for which the Council is the accountable body. (Where the Council is not the accountable body then the lead Council officer is responsible for ensuring propriety and proper processes are followed so that the Council's reputation is not at risk).
- 1.3 It is the responsibility of ~~Corporate Directors and~~ Heads of Service to ensure that all staff in their ~~delivery units~~portfolios are aware of their responsibilities according to the Financial Regulations and other internal regulatory documents (e.g. the Anti-Fraud and Corruption Policy) and comply with them.
- 1.4 Specific positions and/or officers are named in the regulations and it is their responsibility to ensure compliance. However, if the named officer wishes for

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reasons of practicality to delegate their authority to another appropriate officer in their area this is permissible as long as it has been documented.

- 1.5 Where the Cabinet has been named in Regulations it will be their responsibility to ensure compliance. The Cabinet can delegate such responsibility to one of its Cabinet members as set out in the Constitution procedures.
- 1.6 All members and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised and provides value for money.
- 1.7 To help assist members and officers, the Financial Regulations are set out in self-contained sections, each covering a specific area of control. Each section provides a contact point for further information or clarification. Where appropriate the Regulations are supported by detailed procedure notes which are included on the Intranet, ~~in the section 'Policies Affecting your Job'. These procedures.~~ [These procedures](#), though printed under separate cover, must be treated as an integral part of the Regulations.
- 1.8 Any financial values are summarised in **Appendix A** to allow ease of update.
- 1.9 These Financial Regulations cover all areas of Council activity with the exception of schools which have their own set of regulations as part of the Local Management of schools (LMS) Scheme.
- 1.10 Failure to comply with Financial Regulations, or procedures issued under them, may lead to disciplinary action for employees and an investigation by the section 151/Monitoring Officer for Members and if necessary referral to the ~~local~~ [SS](#) standards Committee.

## 2 Responsibilities

- 2.1 Any major organisation requires a set of clearly understood rules and regulations for the management of its financial affairs. Section 151 of the Local Government Act (LGA) 1972 places a duty on the Council to make arrangements for the proper administration of its financial affairs, including the appointment of a Chief Finance Officer<sup>1</sup>.
- 2.2 Section 114 of the Local Government Finance Act (LGFA) 1988 requires the Chief Finance Officer to report to the Council if the authority, one of its committees, the Cabinet or one of its officers:
  - Has made – or is about to make – a decision which has or would result in unlawful expenditure;
  - Has taken, or is about to take, an unlawful action which has or would result in a loss or deficiency to the authority; or
  - Is about to make an unlawful entry in the Council's accounts.

Section 114 of the LGFA 1988 also requires the Chief Finance Officer to nominate a properly qualified member of staff to deputise, should the Chief Finance Officer be unable to perform the duties under Section 114 personally.

<sup>1</sup> [Chief Finance Officer means the same as Chief Financial Officer or Responsible Financial Officer, where appropriate](#)

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- \* **The Council** – means the full Council who provide the political and strategic direction of the authority. They approve the policies of the authority, including those for strategy and the budget.
- \* **The Cabinet** – means the Leader of the Council and the Cabinet members, who propose to Council policy and budget strategies.
- \* **Chief Finance Officer Responsibilities (s151/s114) – these have been allocated to an appropriately qualified the Corporate Director: Resources and include:**
  - provision of financial advice for service delivery, strategic planning and policy making across the authority;
  - provision of advice on the optimum use of available resources on the management of capital and revenue budgets;
  - provision of financial management information;
  - preparation of statutory and other accounts, associated grant claims and supporting records;
  - provision of an effective internal audit function and assistance to management in providing safe and efficient financial arrangements;
  - provision of effective financial management systems and procedures
  - provision of effective income collection and payments systems;
  - advising on treasury, investment and cash-flow management; and
  - ~~advising on the safe custody of assets and insurance.~~
  - ~~Co-ordination of the corporate risk management systems~~
- \* **The Head of Governance Audit & Democracy** has delegated responsibility under the Accounts and Audit Regulations 2003<sup>2</sup> to maintain an adequate and effective Internal Audit service and has direct responsibility for the operation and support of the Council's Scrutiny function. The Head of Governance Audit & Democracy has the ability to report directly, without fear or favour, to any level within the organisation or to the External Auditor.
- \* **Corporate Management Team (Chief Executive, Directors and Assistant Chief Executive)** are responsible for ensuring that Heads of Service provide services that meet the Council's overall policy objectives. This includes ensuring compliance by Heads of Service with the Council's governance arrangements including with Financial Regulations by Heads of Service and Contract Procedure Rules in meeting such objectives.
- \* **The Chief Executive corporate Director: Resources** is responsible for leading on corporate governance issues throughout the Council.
- \* **The Head of Finance** will act as deputy Section 151 Officer
- \* **Heads of Service** are responsible for ensuring the delivery of services by their respective Delivery Business Units. This includes ensuring compliance by Delivery Business Managers with Financial Regulations and Contract Procedure Rules ~~Standing orders~~ within their service areas.

<sup>2</sup> As updated by the Accounts and Audit (Amendment)(England) Regulations 2006 (SI2006/564)

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\* [DeliveryBusiness Managers](#) are responsible for the day to day provision of services and the management of the associated budget. This includes ensuring that all staff comply with Financial Regulations [and Contract Procedure Rules](#)[Standing orders](#) in performance of their duties.

**Note:** 'DeliveryBusiness Managers' also includes managers and/or team leaders with budget and staff responsibilities.

### 2.3 Financial Training

The Chief Financial Officer should assess the financial skills required by members of the Cabinet, and Corporate Management Team should commit to develop the specific skills to enable their roles to be carried out effectively.

The Head of Finance should through senior finance staff identify financial competencies for managers and members and provide adequate financial training to enable them to undertake their roles effectively and understand the financial requirements of the Constitution and associated financial policies and procedures.

## 3. Financial Planning

### 3.1 Introduction

The Council is responsible for approving the budget, various plans and policies, which will be proposed by the Cabinet. This will include the policy framework, the budget (including the capital programme) and the Council Plan. See Budget and Policy Framework Procedure Rules within the Constitution.

### 3.2 Financial Forecasting

The Chief Finance Officer shall, within the general direction of the Cabinet, produce forecasts of financial resources and advise upon the financial and economic implications of medium and long-term service development plans and programmes and budget strategies. In exercising this duty he/she shall be mindful of the Accounts and Audit Regulations 2003 (as amended 2006), the Code of Practice on a Prudential Approach to Local Government Commitments and current accepted local government accounting codes and will review levels of reserves and balances and ensure that a robust budget process has been undertaken. The Chief Finance Officer is responsible for the Council's arrangements for under and overspendings to be carried forward to the following year.

3.3 The forecasts will indicate the likely changes to the Council's budget for the specified period both in terms of commitments arising out of statutory variations and Council policy and also the likely variations to funding from central or local sources.

3.4 The Cabinet, having considered the forecasts and options for the specified period shall, propose the overall budget strategy to the Council for approval after the consultation process as outlined in the Budget and Policy Framework Procedures Rules within the Constitution.

3.5 All matters relating to the financial administration of the authority shall be kept under review by the member of the Cabinet responsible for Resources.

## APPENDIX B

- 3.6 The full Council is also responsible for approving procedures and for agreeing variations to approved budgets, plans and strategies forming the policy framework.

**CONTACT: Head of Finance**

### 4. Accounting Systems, Financial Records and Returns

- 4.1 Proper accounting records are one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to internal and external audit. This provides assurance that the accounts are properly prepared and proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the authority's resource.
- 4.2 The Chief Finance Officer should ensure that there is a proper retention policy for financial documents. The periods for which documents are to be retained is specified separately in the retention of records procedure note, ~~available on the Intranet.~~
- 4.3 The Head of Finance is responsible for determining the accounting systems and procedures adopted by the Council. No variations shall be made to accounting records and procedures without the written agreement of the Head of Finance. In particular ~~Corporate Directors and~~ Heads of Service should confer with the Head of Finance before introducing or amending any books, forms, records, administrative procedures or computerised systems used in conjunction with accounting for cash, income, expenditure, stores and financial transactions generally.
- 4.4 ~~Corporate Directors and~~ Heads of Service must maintain through their ~~o~~Officers full and accurate records as agreed with the Head of Finance to ensure the availability of all financial, costing and statistical and other information as may be required to fully and accurately maintain the accounts of the Council, and report on its finances. This includes the correct coding of expenditure in line with the CIPFA standard classifications. All accounting records will be maintained in accordance with current CIPFA Codes of Practice,
- 4.5 Heads of Service are responsible for ensuring the completion and submission of Grant applications and financial returns. The Chief Finance Officer is entitled to such explanations or information as may be required prior to forwarding to the relevant government department or agency under his signature. No bid for external funding shall be submitted without approval from the relevant [Priority lead](#)~~Corporate~~ Director and [relevant](#) Finance Manager.
- 4.6 Heads of Service are responsible for ensuring adequate records, financial and otherwise, have been maintained for all externally funded schemes subject to audit by the European Commission or grant awarding bodies

**CONTACT: Corporate Finance Manager**

### 5. Financial Management and Control – Revenue

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### 5.1 Background

5.1.1 The Council is responsible for adopting the authority's Constitution and Code of Conduct and for determining the budget and policy framework within which the Cabinet operates. It is also responsible for setting and monitoring compliance with the authority's overall framework of accountability and control via the scrutiny process. The framework is set out in the constitution.

5.1.2 This section of the regulations deals with the preparation and approval of budgets, budgetary control and variations from budget provision. It applies to all areas of the Council's activities except schools.

5.1.3 No expenditure is to be incurred or reduction in income authorised unless covered by these regulations.

### 5.2 Preparation and Approval of Budget

5.2.1 The Council will approve the overall spending plans of the Council.

5.2.2 The form of revenue estimates shall be determined by the Head of Finance in consultation with Heads of Service within the general guidelines of the Cabinet and relevant professional requirements. Estimates shall be prepared annually before the start of the financial year and revised during the course of the year.

5.2.3 Prior to the commencement of each financial year each [Service Delivery Business Unit Manager](#)s should prepare a [Service Delivery Business Plan](#) setting out the [Service Delivery Business](#) Unit's aims and objectives and expenditure and income projections within corporately agreed allocations of resources. These should be agreed with [Corporate Management Team \(the relevant Corporate Director/CMT\)](#) and [Head of Service](#).

5.2.4 Once the council's budget for the year has been approved the [Heads of Service and Delivery Business Managers](#) can authorise expenditure within the limits agreed subject to the separate rules on virement.

5.2.5 The [Delivery Business Managers](#) in conjunction with ~~the relevant~~ [Finance Manager](#) must ensure that a satisfactory monitoring system is in existence during the financial year with regular reports to the Head of Finance.

### 5.3 Budgetary Control (see also para 4.4 above)

5.3.1 The corporate finance information system determined by the [Head of Finance/Chief Finance Officer](#) is the Council's prime accounting record. It provides the mechanism for Heads of Service and [Delivery Business Managers](#) ~~with the assistance of their Accounting Team~~ to monitor and control budgets.

5.3.2 Heads of Service and [Delivery Business Managers](#) are required to monitor their budgets regularly during the year and take immediate action as necessary. If it is considered that a particular budget head requires increasing, virement must be sought before any overspending occurs (see Virement section). Under no circumstances should expenditure be incurred without appropriate provision being put in place first.

5.3.3 Regular financial updates will be taken to Cabinet.

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5.3.4 Generally all Council budgets are prepared on a cash limited (outturn) price base. This means that no supplementary estimates will be provided for inflation increases once budgets have been approved, except in exceptional circumstances.

5.3.5 Unavoidable cost increase, e.g. public utilities, increments etc, for which insufficient allowance has been made at budget time will need to be met by equivalent reductions elsewhere.

| 5.3.6 -All reports to ~~CM~~[Corporate Directors' Board](#) or Members must be cleared by finance staff for financial implications and should be made available to those staff in reasonable time before due for submission.

### 5.4 Supplementary Estimates

5.4.1 The Council sets budgets for gross expenditure and income in the context of a cash limit. Therefore it is important that any additional commitments not covered in Business Unit budgets, (including where the net budget requirement of the Council is not increased), are funded by savings elsewhere or additional grant funding and do not increase the net budget requirement of the Council (see Virement section). In exceptional circumstances this may not be possible and if this is the case, approval should be sought from the Council for additional funding.

### 5.5 Grants

| 5.5.1 All grant bids must be approved by the relevant [Priority lead](#) Director and [a](#) Finance Manager prior to submission.

| 5.5.2 Acceptance of grant terms must also be approved by the relevant [Head of Service](#) Director and [a](#) Finance Manager.

| 5.5.3 All grant claims must be certified by ~~a~~[the relevant](#) Finance Manager. (Subject to the conditions of the grant awarding body)

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### 5.6 Virement

5.6.1 Virement between budget heads is an integral and important feature of budgetary control. It provides Senior Managers with the flexibility to adapt expenditure patterns which they consider appropriate in meeting changing locally determined service needs and objectives consistent with Council policy. The ability to exercise virement applies to all controllable budgets.

5.6.2 Virement may be necessary for several reasons. For example:

- \* unforeseen cost increases,
- \* demand for a particular service, in line with existing policies, exceeding estimates,
- \* a local requirement to provide a different service from that anticipated at budget time for a particular client or to meet a particular situation, or
- \* utilising efficiency or other savings.

5.6.3 Except where allowed under the scheme of virement only the Council can approve changes to the budget it has previously agreed.

5.6.4 ~~Corporate Directors and/or~~ Heads of Service, in consultation with the relevant Finance Manager, shall have the authority to make virements **within** each approved service delivery unit budget provided:

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- It is within the overall policy framework;
- It does not involve an increasing commitment in future years, which cannot be contained within existing approved budget allocations.

5.6.5 The Head of Finance, in consultation with ~~the~~ relevant Finance Manager and relevant Corporate Director and/or Heads of Service, shall have the authority to make virements **between** service delivery units provided:

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- The amount does not exceed £50,000 (**LIMIT G**)
- It is within the overall policy framework
- It does not involve an increasing commitment in future years, which cannot be contained within existing approved budget allocations.

For amounts over £50,000 Heads of Service~~Corporate Director(s)~~ and the Chief Finance Officer~~Chief Finance Officer~~, shall have the authority to make virements **between** service delivery units with Cabinet approval provided that

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- It is within the policy framework
- It does not involve an increasing commitment in future years, which cannot be contained within existing approved budget allocations.
- The amount does not exceed £250,000

For amounts above £250,000s approval by full Council is required.

5.6.6 All virement decisions must be notified to ~~the~~ relevant Finance Manager (and the financial information system updated) before expenditure is incurred.

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### 5.7 Year End Arrangements

- 5.7.1 Year end arrangements (carry forwards of over or underspending), have been designed to be as flexible as possible, consistent with the Council's overall financial situation and with regard to the controls exercised by the Government.

#### Overspending and Underspending

- 5.7.2 No Head of Service or [Delivery Business](#) Manager should plan to overspend his/her budget. All expenditure plans should be consistent with [Service Delivery Business Plans](#) ~~and the Unit's Service Plan~~. Potential overspends on particular budget heads will have been addressed during the year and, in some cases, virement will have been exercised.
- 5.7.3 All underspends and deficits on controllable budgets will be carried forward to the next financial year as a first call on the budget for the year.

**CONTACT:** Corporate Finance Manager

### 5.8 Reserves & Balances and the Robustness of Estimates

- 5.8.1 The budget report will contain a comment by the CFO (Chief Finance Officer) on the robustness of the estimates and the adequacy of reserves, in accordance with the requirements of the Local Government Act 2003 and CIPFA guidance. The CFO must also be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.
- 5.8.2 Specifically, the budget report will include a statement on the adequacy of general reserves and provisions for the forthcoming year, linked to the medium term financial strategy.
- 5.8.3 An annual review of earmarked reserves will be undertaken as part of the budget preparation process and a statement will be presented to Council alongside the budget report.
- 5.8.4 The level and purpose of reserves and balances held must be clearly defined and justified by [Heads of Service Portfolios](#). Further regular reviews should be undertaken to ensure continuing relevance and adequacy.
- 5.8.5 There is no statutory minimum level of reserves required. This will be a matter of local judgement determined by the CFO but following current Audit Commission guidance.

**CONTACT:** Corporate Finance Manager

## 6. Financial Management – Capital

- 6.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, 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.

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- 6.2 The Council will comply with the requirements of CIPFA's Prudential Code for Capital Finance in Local Authorities and will set and monitor a range of Prudential Indicators accordingly to ensure that borrowing is affordable, prudent and sustainable.
- 6.3 The Council will determine the capital programme for the Authority in line with overall Corporate Priorities, the Council's Asset Management Plan, Capital Strategy and availability of funding.
- 6.4 The capital programme shall focus on the medium term service & financial planning period but reflect the total cost and phasing of each approved scheme along with the proposed source(s) of funding.
- 6.5 The capital programme will demonstrate:
- the original and revised total estimated cost of each scheme
  - actual expenditure to the end of the previous financial year
  - forecast phased expenditure for the current and subsequent years
  - the revenue budget implications of the proposed programme
- 6.6 The Head of Finance shall determine the method of funding for each capital scheme, having consulted with the relevant Head of Service and working within the context of the various capital resources available. All proposed investments should be subject to an appropriate level of analysis/appraisal by the relevant service area before commitment.
- 6.7 The Head of Finance shall ensure that an effective monitoring system is in place during the year to control capital expenditure. Heads of Service will be responsible for notifying the Head of Finance if it seems likely that there will be a significant variation in spending on a scheme. Variations may be permitted only if they can be accommodated by virement within the total capital resources available.
- 6.8 Variations, subject to the following limits, can be approved by those designated below if there is no significant impact on the delivery of individual elements of the capital programme and/or on the overall capital strategy.
- (a) Up to £50,000 (**LIMIT G**) – Head of Finance in consultation with the ~~relevant Corporate Director~~ Head of Service
- (b) Over £50,000 up to £250,000 (**LIMIT K**) – Cabinet approval required
- (c) Over £250,000 (**LIMIT R**) – the Council.
- 6.9 Any capital expenditure over £50,000 even if entirely covered by additional external funding but outside the approved capital programme, must be approved by Council.

**CONTACT:** Corporate Finance Manager

## 7. Taxation and Leasing

### Taxation

- 7.1 Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly

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accounting for tax are severe. It is therefore very important for all officers and members to be aware of their roles and responsibilities.

- 7.2 It is the responsibility of Heads of Services to ensure compliance with all tax regulations relating to their [Delivery Business](#) Units. This will include Income Tax, National Insurance, V.A.T. and tax accounted for under C.I.S. If in doubt, Heads of Services should consult with the Head of Finance. [Delivery Business](#) Units will be liable for any costs, including any penalties and interest charged for incorrect tax treatment.
- 7.3 Detailed guidance on taxation issues is incorporated within specific procedure notes which are included on the Intranet.

### Leasing

- 7.4 Leasing is a method of financing the acquisition of certain types of capital assets and allows the cost to be spread over several financial years through annual rentals. It is a specialised area of finance with complex legal and financial agreements. Leasing arrangements may only therefore, be entered into by the Head of Finance or his designated officer.
- 7.5 The normal contract procedures should be followed in relation to leasing arrangements [See Part 4, Section 7, Contracts Procedure Rules]
- 7.6 Detailed guidance on leasing issues are incorporated within specific procedure notes on the Intranet.

**CONTACT:** Corporate Finance Manager

## 8. Controlled Stationery and Authorised Signatories

- 8.1 All cheques and other controlled stationery, including order books, receipt books, invoices, ~~travel vouchers, and~~ Electronic Fund Transfer (E.F.T.) forms may only be ordered by the Head of Finance or an authorised representative who shall make proper arrangements for their safekeeping.
- 8.2 ~~Corporate Directors and~~ Heads of Service are responsible for maintaining a listing of authorised signatories in the form prescribed by the Head of Finance. ~~.-~~ All officers on the signatories listing must be authorised by ~~an appropriate Corporate Director or~~ Head of Service [\(or Corporate Director if a HOS\)](#).
- 8.3 Only authorised signatories may commit the Council to expenditure, including electronically, in line with relevant procedure notes by:
- Authorising Orders
  - Certifying invoices
  - Certifying expenses claims
  - Authorising petty cash purchase
  - Certifying timesheets and overtime claims
  - Signing and awarding contracts (see also Section 7, appendices 1 to 4)

More than one officer should be involved in the authorising process e.g. it should not be the same officer who authorises the order and invoice that certifies receipt of the goods or service.

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8.4 A financial limit shall be prescribed for all officers. ~~Each Corporate Director shall determine the limit for officers within their portfolio area in consultation with their Finance Manager.~~ The Head of Finance in consultation with the Head of Governance shall be responsible for establishing a consistent framework for financial limits across the Council based on the roles day to day activities, and the responsibilities of officers.

**Comment [F1]:** This will be developed following the review of delegations.

8.5 Heads of Service are responsible for ensuring that the authorised signatories list is kept up to date at all times, by informing the Head of Finance of any changes to authorised signatories and the responsibilities of the officer.

~~8.6 Heads of Service are responsible for replying to any request from the Head of Finance or Head of Audit & Democracy to confirm that any details are correct.~~

8.67 Guidance on authorised signatories is available from Audit Services.

### CONTACT:

For authorised signatories: Employment Services or Procurement Portfolio Administration Officer

For controlled stationery: Asset & Property & Design Management Administration

## 9. Internal Audit

9.1 The Chief Financial Officer under section 114 of the LGFA 1988 and the Accounts and Audit Regulations 2003 (as amended 2006) has a statutory responsibility for the overall financial administration of the Council's affairs. Section 6 of the Accounts and Audit Regulations 2003 (as amended 2006), says that the authority "shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control,..". The Chief Financial Officer shall, therefore, in accordance with relevant legislation arrange for a continuous and current internal audit of all areas of Council activities.

9.2 "Proper internal control practices" are defined in the guidance on the Accounts and Audit Regulations 2003 (as amended 2006)<sup>3</sup> as the CIPFA publication – "Code of Practice for Internal Audit in Local Government in the United Kingdom". Internal Audit will operate to this Code and any other relevant guidance. The definition of Internal Audit within the Code is:

*Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment<sup>4</sup> by evaluating its effectiveness in achieving the organisation'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.*

<sup>3</sup> Department for Communities and Local Government Circular 03/2006 dated 18/08/06

<sup>4</sup> The control environment comprises the systems of governance, risk management and internal control.

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- 9.3 As the definition outlines Internal Audit has a key role to play in independently reviewing the Council's<sup>5</sup> arrangements for corporate governance, risk management and internal control. It contributes an objective opinion to the Council's Annual Governance Statement (including the Statement on Internal Control).
- 9.4 The existence of a continuous internal audit service does not in any way diminish the responsibility of Corporate Directors [for the delivery of priorities](#) and Heads of Service for the management of [the DeliveryBusiness](#) Units under their control and their responsibilities in respect to risk management and the systems of internal control.
- 9.5 The Audit & Risk Manager should ensure that Internal Audit remains independent in its planning and operation. The Audit & Risk Manager should be responsible for maintaining periodic audit plans which have due regard for the key strategic risks of the authority, the risks involved for each service area in delivering their services and the requirements of the external auditor. The plan will deliver work to provide reasonable assurance to the Council based on the resources available. The Audit & Risk Manager must report to the s151 officer or the Audit Committee if there are insufficient resources or limitations in the scope of their work to provide reasonable assurance or a service consistent with the definition of Internal Audit in paragraph 9.2.
- 9.6 It is the responsibility of Internal Audit to review, evaluate and report upon
- the soundness and adequacy of accounting records and the system of internal controls to provide their assurance for the Annual Governance Statement;
  - the extent to which the Council's assets and interests are accounted for and safeguarded from losses of all kinds arising from:
    - fraud and other offences
    - waste extravagance and inefficient administration, poor value for money or other cause
    - the suitability and reliability of financial and other management data developed within the organisation.
  - The soundness and adequacy of the data quality systems operating to collect and report on performance information
  - The corporate governance arrangements of the Council
  - The risk management processes of the Council both at [StrategicCorporate](#) and Service [Delivery](#) Level
- 9.7 The Chief Finance Officer's authorised Internal Audit representatives shall be empowered to:
- enter at all reasonable times any Council premises or land

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<sup>5</sup> Internal Audit's remit extends to the entire control environment of the Council

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- have access to all Council and partner records<sup>6</sup>, documentation and correspondence relating to any financial and/or other transactions or other business of the Council, its employees or members, as considered necessary by the ~~CF~~Corporate Director: Resources, Head of ~~Governance~~Audit & Democracy or Audit & Risk Manager.
  - have access to records belonging to third parties such as contractors or partners when required<sup>7</sup>
  - require and receive such explanations as are regarded necessary concerning any matter under examination from any employee, member, partner or third party.
  - require any employee or member of the Council or any partner/third party to account for cash, stores or any other Council property which is under his/her control or possession on behalf of the Council.
- 9.8 All work carried out shall have due regard for the requirements of the access to information legislation (e.g. Data Protection Act 1998, Freedom of Information Act 2000, etc.) and the Human Rights Act 1998, together with any other relevant legislation current at the time of the audit.
- 9.9 Corporate Directors, Corporate Directors, Heads of Service and Delivery Business Managers are responsible for responding to Internal Audit reports and the implementation of agreed recommendations within an appropriate timescale. Delivery Business Managers should indicate the actions they propose within one month of agreeing the draft report.
- 9.10 Failure to implement statutory, policy or financial regulation recommendations within the agreed timetables may be referred to the Chief Finance Officer and the appropriate members, following consultation with the appropriate Head of Service.
- 9.11 Internal Audit has specific fraud related responsibilities which are set out in the corporate Anti-Fraud & Corruption Policy. Within the scope of their work Internal Audit also provide advice and consultancy in respect to issues around controls and governance, based on their professional knowledge and expertise.
- 9.12 It is the duty of any Officer or Member to follow the corporate Anti-Fraud and Corruption Policy. Any officer or member who suspects that an irregularity involving cash, materials or any other property of the Council may have occurred must inform the Head of Service or report the matter directly to the Audit & Risk Manager or Section 151 Officer. Confidentiality, wherever possible, will be respected in any dealings on such matters.
- 9.13 The Section 151 Officer shall report to the Chief Executive, the relevant Head of Service, Corporate Director~~Corporate Director~~ and Cabinet, if appropriate, any matter of a significant nature.
- 9.14 Where Audit Services inform the Section 151 Officer of any such matter outlined in paragraph 9.12, the Section 151 Officer will inform the appropriate

<sup>6</sup> Records include business e-mail and internet records

<sup>7</sup> As defined in the articles of association/memorandum, SLA, grant conditions or contract

**Comment [F2]:** Should this be Cabinet or appropriate Cabinet member and Leader

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[Head of Service, Corporate Director](#)~~Corporate Director~~ and the Chief Executive and ~~Cabinet~~, if appropriate.

**Comment [F3]:** See comment on 9.13 above

- 9.15 Any decision to refer a matter as outlined in paragraph 9.12 to the Police is to be taken by the Audit & Risk Manager after informing the Council's Section 151 Officer or their representative. Where a Member is involved the Chief Executive, Monitoring Officer and where appropriate, the External Auditor, will be consulted. Where Police advice is sought but it is not intended that any criminal prosecution shall take place, the Audit & Risk Manager shall ensure that the anonymity of the individual(s) concerned shall be maintained at all times.
- 9.16 Internal Audit should report to a body of members the following information:
- the Internal Audit plan and strategy;
  - quarterly reports summarising the internal audit work undertaken and any key findings; and
  - an Annual Report which provides Internal Audit assurance for the Annual Governance Statement.
- 9.17 The Audit & Risk Manager and Head of [Governance Audit & Democracy](#) have the authority to report, as appropriate, on any matter, without fear or favour, to all levels of the Council. This can include reporting directly to the Chief Executive, the Leader, Cabinet Member [Efficient Community Focussed Council Resources](#), Chairman of the Audit Committee, s151 Officer, ~~CM Corporate Directors~~, the Monitoring Officer or the Council's External Auditors.

**CONTACT:** Audit & Risk Manager

### 10. Public Accountability – Responsibilities

#### 10.1 General

- 10.1.1 Members should ensure that they follow the Members Local Code of Conduct and have read the Members Handbook, taking any guidance into account including the declaration of any interest.
- 10.1.2 Employees should ensure that they follow the Employee Code of Conduct.
- 10.1.3 The corporate Anti-Fraud and Corruption Policy applies to all Members and Officers of the Council and they should be aware of its contents whilst representing and working for the Council including the registration of Members and Officers interests.
- 10.1.4 An officer of the Council must not, under cover of his/her position or office of employment, accept any fee or reward, other than his/her proper remuneration without the express permission of the [Assistant Chief Executive/Head of Human Resources Manager](#).
- 10.1.5 A member or officer must not accept any bribe or personal inducement in connection with the Council's business.
- 10.1.6 A member or officer must not use Council property, assets, materials or information for other than the purposes of the Council.

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10.1.7 A member or officer must not subordinate his/her duty to the Council to his/her private interest or put himself/herself in a position where his/her duty and private interests conflict.

10.1.8 Employees must ensure that they declare any private interest they may have in any of the Council's activities. Such a declaration should be made where the employee could benefit in the form of a financial or other pecuniary gain. The interest should be recorded in the Register of Interests held in [Audit & Democracy Services](#).

### 10.2 The Cashing of Cheques

10.2.1 The cashing of cheques (whether Council or otherwise) by a member or officer is prohibited except in line with the Council's Code of Practice on cheque encashment.

### 10.3 Gifts

10.3.1 Officers and Members should follow the advice given in the guidance note on gifts and hospitality (see the Guidance Note on the Intranet). The receipt of personal gifts should be discouraged. If an officer, during the course of, or as a result of, official duties, receives or is offered any personal gift, other than one of only token value, the matter must be reported to the Head of Service. The Head of Service will decide if the item is to be returned, or forwarded to some charitable cause. The Head of Service should inform the donor of what has happened to the gift, and explain the reason why gifts should not be sent in the future. A record should be made of all gifts refused and / or returned.

10.3.2 ~~The CMT support team and Heads of Service support team. Each Corporate Director~~ must maintain a record for employees of ~~his/her portfolio of~~ all gifts offered, received, refused and any actions taken as outlined in the guidance.

**Comment [F4]:** If agreed the supporting guidance will be updated

10.3.3 Members should take equal care in receiving gifts whilst in office. Members Services will ~~hold them~~ maintain a records for members of all gifts offered, received, refused and any actions taken.

### 10.4 Hospitality and Services

10.4.1 Members and officers should follow the advice given in the guidance note on Gifts and Hospitality available on the Intranet. Hospitality must only be given or accepted when it is on a scale appropriate to the circumstances, reasonably incidental to the occasion, not extravagant and justifiable as in the public interest. It must be apparent that no cause could reasonably arise for adverse criticism or suggestions of improper influence by the acceptance of the hospitality. The circumstances and the type of hospitality should be agreed by the appropriate Head of Service who shall ensure that a record is kept of all hospitality offered, accepted or refused

10.4.2 Members and Officers should not accept services. Any approach should be politely but firmly refused and if required an explanation made. The offer and rejection should also be recorded.

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### 10.5 Private Work / Relations with Clients and Contractors

- 10.5.1 Officers who are, in accordance with the conditions of service and the procedure note on Business Activities and Private Work, permitted to carry out private or other paid work must not do so during Council time. Officers must declare to their Head of Service in writing the nature and duration of such private work.
- 10.5.2 Members or Officers must not use any Council premises, resources or facilities for the execution of private work. No stationery or publicity material is to indicate that the person is a Member or Council employee nor should the address or any telephone number of the Council be stated. Members and Officers should pay due notice to the relevant section of the Local Government Act 1972.
- 10.5.3 Officers must not work for any current or prospective supplier or contractor to the Council.
- 10.5.4 Officers and Members must respect the confidentiality of information and must not use information received for personal gain.
- 10.5.5 Officers and Members should avoid any arrangements which might prevent fair competition.
- 10.5.6 Detailed guidance on Business Activities and Private Work. All associated Procedures and Guidance referred to in this Section are available on the Intranet.

**CONTACT:** Audit & Risk Manager

### 11. Purchasing Arrangements

#### **General:**

- 11.1.1 These regulations should be considered in conjunction with the relevant parts of Contract Procedure Rules relating to contracts.
- 11.1.2 Heads of Service must ensure that any purchasing contracts comply with Contract Procedure Rules, Contracts Procedures Rules (in section 7), statutory requirements and European directives.
- 11.1.3 Officers should seek the advice of the Corporate Procurement & Purchasing Unit where appropriate.

#### **Financial Thresholds & Limits:**

- 11.2.1 The Corporate Procurement & [Paymentsurchasing](#) Unit shall be informed, either in writing or by e-mail, of all contracts, agreements, awards and other instruments involving the payment or receipt of money, of a value of £50,000 or over during the lifetime of the contract (LIMIT G).
- 11.2.2 All contracts should adhere to the following limits and thresholds. Quotes or tenders should be sought based on the values below:

## APPENDIX B

- Below £5,000 (LIMIT A) no formal action, however officers will be expected to have due regard to the need for accountability and securing value for money wherever possible and will preferably use suppliers who have met the criteria for inclusion on an approved list where one exists ;
- Between £5,000 (LIMIT A) and £50,000 (LIMIT G), three comparative written quotes should be sought; Suppliers must meet criteria for inclusion on an approved list, where one exists, prior to acceptance;
- For Supplies & Services between £50,000 (LIMIT G) up to £15639,442893 (LIMIT N), no fewer than four written tenders to be sought; Suppliers must meet criteria for inclusion on an approved list, where one exists, prior to acceptance;
- For Supplies & Services between £156,44239,893 (EU limit) up to £250,000 (LIMIT N), no fewer than five written tenders to be sought; EU procurement regulations apply;
- For Supplies & Services over £250,000 no fewer than six written tenders to be sought; EU procurement regulations apply;
- For Works between £50,000 and £250,000, at least four suppliers invited to tender (or three for Design & Build contracts only).
- For Works between £250,000 (LIMIT P) and £3,49297,260313 (EU limit), no fewer than six written tenders to be sought (or four for Design & Build contracts only); Suppliers must meet appraisal criteria for inclusion on an approved list, where one exists, prior to acceptance.
- For Works over £3,4927,260313 (EU limit), no fewer than six written tenders to be sought (or five for Design & Build contracts only); EU procurement regulations apply.

In relation to **Specialist work/contracts** the Head of [GovernanceLegal Services](#) and [aService](#) Finance Manager may, **in exceptional circumstances**, agree in writing a deviation from the number of quotes/tenders shown above. See also Section 7 I and (L) of this Constitution.

Further detailed guidance on Procurement and Purchasing is incorporated within specific procedure notes issued by the Corporate Procurement & Purchasing Unit, and available on the Council's intranet.

**CONTACT:** [Procurement and Payments Manager](#)~~Corporate Finance Manager~~

### 12. Schemes Financed Partly or Wholly by External Funding

- 12.1 Increasingly cross-agency working is generating collaborative schemes where multiple public sector partners share total costs, nominating one partner to lead the procurement process. The lead partner signs the contract on behalf of the partnership, and is liable for any resulting default or contractual risk.
- 12.2 Officers leading or participating in multi-agency schemes must ensure that the council's standards of probity, regulation and good practice are followed. If they have any concerns about the procedures being used they should report them to their Head of [Service](#)~~or Corporate Director~~.
- 12.3 Officers leading or participating in multi-agency schemes where the key decision process applies must obtain approval from the [Head of Chief](#) Finance ~~Officer~~ prior to committing the Council to participate in the scheme.

## APPENDIX B

12.4 Officers leading other multi-agency schemes must ensure that partnership working agreements are in place before procurement activity for the scheme begins or the contract is let.

These must be in writing, and as a minimum should cover:

- A definition of who the funding bodies are and what they are committed to under the agreement e.g. allocation of contractual risks, roles and responsibilities, who will be responsible for any cost overruns, etc.
- Express agreement as to whether the Contracts (Rights of Third Parties) Act 1999 should apply to any contract subsequently entered into with a supplier by the lead partner on behalf of the partnership. This will allow the partners other than the lead body to both enforce their rights under the contract and to be held liable for default or risk under it. Please note that this clause must also be expressly stated in the contract with the supplier to be valid.
- How the specification will be agreed by all of the funding bodies, plus any 'exit' arrangements if the parties are unable to agree. The specification should include:
  - a description of the goods/services/outputs to be produced
  - timescales
  - testing/effects procedures
  - ownership of any intellectual property (e.g. copyright, design rights etc) or physical property (e.g. goods, buildings) resulting from the agreement
  - procedure for making variations to the agreement or the project
  - measures of quality/success
  - how disputes between the funding partners will be dealt with
  - written agreement to pay/physical fund transfer to the lead body (when and how this will be done)

12.5 Officers leading or participating in multi-agency schemes must keep records of all correspondence between the funding partners, especially those relating to agreement of specification, roles, risks and responsibilities.

12.6 Officers leading or participating on multi-agency schemes must keep all appropriate documents and evidence required to satisfy internal and external audit.

**CONTACT** – Corporate Finance Manager

### 13. Orders for Work, Goods and Services

13.1 Every officer and member of the authority has 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 Council. Officers should declare any such interest to their [Head of Service](#) or relevant Corporate Director as soon as they become aware of such an interest. M-and members are responsible for amending their own entries in the register of interests held by Member Servicesto the Chief Executive as soon as they become aware of such an interest.

## APPENDIX B

- 13.2 Official Orders are to be issued only by officers authorised by [Corporate Directors](#) or Heads of Service. Authorised officers are responsible for issuing orders within their control and in particular for ensuring that costs are covered by approved estimates or by a special financial provision.
- 13.3 The Head of Finance should be notified of all officers authorised by [Corporate Directors](#) or Heads of Service to authorise official orders.
- 13.4 ~~CM~~[Corporate Directors](#) and Heads of Service must ensure that Financial Regulations and Contract Procedure Rules relating to contracts and tenders have been complied with.
- 13.5 Official orders shall be issued for all work, goods or services to be supplied to the Council; this can be in the form of an electronic order generated by the approved Corporate Procurement System. Authorising officers must be able to demonstrate that the work, goods or services are required in order to provide Council Services. Orders should not be raised for supplies of utilities, periodic payments such as rent or rates, or for purchases made by petty cash.
- 13.6 All official orders should be in writing and delivered /passed to the supplier, unless the Government Procurement card is used (see section 14 below). Telephone orders may be used in exceptional circumstances but when this happens they must be confirmed, in writing to the supplier, at the earliest opportunity by a clearly marked confirmation order. Standard terms and conditions must not be varied without the prior approval of the Head of Finance. Goods and services should be checked on receipt to ensure they are in accordance with the order. This check should, wherever possible be carried out by a different officer from the person who signed the order. .
- 13.7 Official orders shall indicate clearly the date of the order, the quantity, quality and nature of the goods, works and services and the contract or agreed price. An estimated price shall be provided when an agreed price is not available.
- 13.8 Official order books shall be ordered and supplied to [DeliveryBusiness](#) Units by the Head of Finance who shall satisfy himself as to arrangements for their control. Electronic orders may only be used where these are part of an official council system, in line with controls specified at 13.11
- 13.9 Apart from petty cash and payments from cheque imprest accounts the normal method of payment of money due from the Council shall be by BACS or other instrument drawn on the Council's bank account by the Head of Finance. The use of direct debit and credit shall require the prior agreement of the Head of Finance.
- 13.10 Official orders must not be raised for any personal or private purchases, nor should personal or private use be made of Council contracts.
- 13.11 E-commerce – the purchases of goods via electronic means shall be strictly controllable and the necessary processes and controls must be in place to maintain the security and integrity of data.
- 13.12 Invoices, not subject to dispute, should be promptly passed to the Payments Unit in order to ensure that [the financial system OLAS](#) is up to date and the [local statutory 230](#) day payment P.I. is achieved. Any interest charged to the Council in respect of late payment under the Late Payment of Commercial

## APPENDIX B

Debts (Interest) Act 1998 will be passed on to the [Deliverybusiness](#) unit that ordered the goods/services.

13.13 Heads of Service and [DeliveryBusiness](#) Managers shall, wherever possible, separate the responsibilities for placing an order, receipt of goods and authorisation of payment- [but at least 2 different officers should be involved.](#)

**CONTACT:** Corporate Finance Manager

### 14. Corporate Credit Cards and the Government Procurement Card (GPC)

14.1 Usage is restricted to the following

- Corporate Credit Cards: The Leader and Corporate Directors. The Head of Finance also has a card which can be used by other Council officers following strict guidance and authorisation procedures.
- Government Procurement-Cards – as part of the process operated by Purchase Ledger and the Corporate Procurement Unit

14.2 Corporate Credit Cards: there are strict guidelines and procedures associated with the use of corporate credit cards which clearly state card holder responsibilities and allowed expenditure. The cardholder is responsible to account for all expenditure that is incurred on their card. Expenditure must be for business purposes only and VAT receipts must be provided for each transaction. There are set limits for expenditure against the Corporate Credit Card Account which must not be exceeded. The [Head of FinanceCorporate Director: Resources](#) will approve any additional cardholders.

14.3 GPC – the GPC process is in place to enable purchases by telephone, face-to-face or via the internet to streamline the procurement of low value, high volume transactions. Users will be authorised by their [Delivery Business](#)-Manager and the process controlled by the GPC coordinator. Each card will have set limits for expenditure which must not be exceeded. Each user receives specific guidance on usage and their responsibilities. The GPC process negates the need for a traditional order; instead the user maintains a monthly log of expenditure, which is validated against the statement issued by the supplying bank. The cardholder is responsible for all expenditure on their card, which is set out in an acceptable use policy. The account will be settled by Direct Debit on a monthly basis.

**Contact:** Corporate Procurement for further advice and guidance

### 15. Payment of Accounts

15.1 All payments, apart from the authorised use of imprest accounts (see Financial Regulation 19), due from Business Units and chargeable against their budgets shall be made in such manner as outlined by the Head of Finance.

15.2 Any Head of Service whose [Service Delivery TeamBusiness](#) Manager issues an order for works, goods and services, shall be responsible for the examination, verification and certification of all invoices. All accounts certified for payment should be signed by the Head of Service concerned or by an officer authorised by him to do so.

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15.3 The certification shall include that:

- The goods, services and work have been received or carried out, examined and approved as to quality and quantity and conform with a duly authorised order or Council resolution where appropriate.
- The expenditure is necessary, legal and within the estimates provision.
- The prices are in accordance with any quotation, tender or contract and/or are reasonable.
- Discounts or credits due have been deducted
- VAT or other tax treatment is correctly stated.
- The account is arithmetically correct.
- The amount has not been previously paid or certified for payment, either in whole or part.
- Appropriate entries have been made in asset registers, inventories and stock records.

15.4 For specified classes and categories of invoice the Head of Finance may agree a modified procedure.

15.5 Payments to construction contractors on account of contracts shall be made only on a certificate issued by the Head of Service or other officer or external consultant nominated in writing for this purpose. This certificate shall show the total amount of the contract, the value of the work executed to date, retention money, amount paid to date and the amount now certified.

15.6 Where an invoice is found to be incorrect e.g. because of an addition error, the VAT is incorrectly calculated or the invoice is not addressed to the Council, it should be returned to the supplier with an explanatory note. Hand-written amendments should not be made to an invoice as this may invalidate the recovery of VAT.

| 15.7 The Audit & Risk Manager and Procurement & ~~Payments~~~~urchasing~~ Manager shall examine accounts to the extent considered necessary and shall be entitled to make such enquiries and to receive such explanations as may be required.

15.8 Detailed guidance on Payment of Invoices is incorporated within specific procedure notes which are included on the Intranet and is also subject to para 13 above.

| **CONTACT:** ~~Procurement and Payments~~~~Corporate Finance~~ **Manager**

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### 16. Cash Income and Debtors

16.1 Income can be a vulnerable asset and the Head of Finance shall ensure that effective income collection systems are in place 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.

| 16.2 Heads of Service and ~~Delivery~~~~Business~~ Managers in conjunction with their ~~respective~~ Finance ~~team~~~~Manager~~ are responsible for ensuring that all income due to the Council is received at the right time using the correct and most cost effective procedures and the appropriate stationery. Effective action shall be taken to pursue non-payment within defined timescales.

## APPENDIX B

- 16.3 Effective monitoring of outstanding debts and regular reporting of outstanding debt provision will be provided to the Head of Finance.
- 16.4 Heads of Service and [DeliveryBusiness](#) Managers shall, wherever possible, separate the responsibility for identifying amount due and responsibility for collection as far as is practicable. They should also ensure that any un-banked income is retained securely to safeguard against loss or theft and that receipts, tickets and other records of income are held securely for an appropriate period.
- 16.5 No debit in respect of an amount due to the Council once established shall be discharged otherwise than by payment in full except where write-off has been properly authorised as below:
- 16.6 Where the amount involved is £25,000 or less (**LIMIT C**) or the debtor has been declared insolvent or bankrupt and all monies due in dividends have been received, or the debtor being a company that has ceased to trade or is insolvent the writing off of the debt can be undertaken with the agreement of the Head of Service concerned and the Head of Finance.. The Head of Finance shall have the right to inspect any documentation or evidence deemed necessary. Write-offs above £25,000 must be approved by the Cabinet. Detailed guidance on write-offs is incorporated within specific procedure notes which are included in the Managers Handbook.
- 16.7 The cost of all write-offs will be borne by the [DeliveryBusiness](#) Unit, which originally benefited from the credit.
- 16.8 Heads of Service and [DeliveryBusiness](#) Unit Managers shall promptly notify the Head of Finance of any monies of £100,000 or more (**LIMIT JB**) due to the council and of contracts, leases and other arrangements entered into which involve the receipt of money of this value by the Council. The Head of Finance shall have the right to inspect any documentation or evidence deemed necessary.
- 16.9 All receipts, tickets and other acknowledgements for payments received shall be vetted by the Head of Finance, and Internal Audit shall be satisfied as to the arrangements.
- 16.10 Each officer who receives money on behalf of the Council, or for which they are accountable to the Council, shall keep such records as from time to time be required by the Head of Finance.
- 16.11 All money received by an officer on behalf of the Council shall be paid promptly and completely to the Head of Finance, or as he/she may direct, to the Council's bankers. This should be preferably on the same day or if this is not possible at the earliest opportunity. In the interim the money should be kept securely. No deductions may be made from such money other than as may be approved by the Head of Finance. When money is banked information as to the reason for its receipt, or its origin, shall be supplied.
- 16.12 Money held on behalf of the Council shall not be used to cash cheques for members, staff or third parties.
- 16.13 Heads of Service shall review charges made for services under their control at least annually, in line with the Council's Income and Charging Policy.

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**CONTACT:** Head of Finance

### 17. Banking Arrangements

- 17.1 All arrangements with the Council's bankers must be made or approved by the [Chief Finance Officer](#)~~Corporate Director: Resources and the Head of Finance and the Head of Finance~~, who shall be authorised to operate such bank accounts, including giro bank accounts as required.
- 17.2 Cheques drawn on the Council's banking account shall bear the facsimile signature of the [Chief Finance Officer](#)~~Head of Finance~~ or be signed by him/her or such other identified senior officers as he/she may from time to time designate in writing.
- 17.3 The Head of Finance, or such other identified senior officers must countersign cheques for amounts of £50,000 or more (LIMIT F) as he/she may from time to time designate in writing.
- 17.4 Standing order and direct debit payments may only be established by the Head of Finance or such other identified senior officers as he/she may from time to time designate in writing.
- 17.5 The Head of Finance shall maintain a list of identified senior officers who may on his/her behalf give instructions to the Council's banker and countersign cheques.

**CONTACT:** Corporate Finance Manager

### 18. Payments to Employees

- 18.1 Staff costs are the largest item of expenditure for most Council services. It is therefore important that there should be controls in place to ensure that payments are made only where they are due for services to the Council and that payments accord with the individual's conditions of employment.
- 18.2 The payment of all amounts to employees shall be the responsibility of the Head of [Finance](#)~~Human Resources~~. Such payments will include wages, salaries, travel and subsistence and other allowances due under a contract of employment.
- 18.3 Heads of Service shall, promptly notify the Head of [Finance](#)~~Human Resources~~ in a form agreed of all matters affecting the payment to employees and in particular of:
- appointments, resignations, dismissals, suspensions, secondments and transfers;
  - absences from duty, apart from normal annual leave;
  - changes in remuneration, other than normal increments and pay awards and agreements of general application.
  - information necessary to maintain records of service for superannuation, income tax, national insurance etc.
- 18.4 Appointments shall be made only in accordance with approved establishments, grades and rates of pay, unless agreed otherwise with the [Assistant Chief](#)

## APPENDIX B

Executive or an officer nominated by him~~Head of Human Resources~~ and a Finance Manager ~~of the service area concerned~~.

18.5 Any pay records, shall be in a form agreed by the Head of ~~Finance~~Human Resources and shall be certified by or on behalf of the Head of Service. A list of officers authorised to sign such records shall be sent to the Head of ~~Finance~~Human Resources together with specimen signatures and any amendments to the list shall be notified in advance to the Head of ~~Finance~~Human Resources in writing.

18.6 No payment shall be made to a person deemed to be an employee other than through the normal payroll procedure except for reimbursement of minor expenditure through petty cash. Heads of Service and Delivery Managers~~irectors and Principal Human Resources Officers~~ should give careful consideration to the employment status of individuals employed on a 'self-employed consultant or sub-contract' basis as these may well be employees and should be paid through the payroll.

18.7 There shall be frequent reconciliation of payroll expenditure against approved budgets by the Finance team~~Managers~~. Arrangements shall be made to ensure that appropriate payroll documents are retained and stored for the defined period.

**CONTACT:** Employment Services Manager~~Head of Human Resources or Human Resources Manager~~

### 19. Travel and Subsistence

19.1 Heads of Service are responsible for the verification of their officers' travel claims. This includes:

- that the costs have been incurred whilst officers were engaged on official Council business
- the accuracy of the mileage;
- the subsistence claimed particularly where not supported by receipts (applies to certain employees terms and conditions only) ; and
- the validity of the journeys taken.

Heads of Service must ensure compliance with the Council's Car Allowance Regulations, Car Leasing Scheme, Car Loan Scheme and other decisions of the Council that may be deemed appropriate. Standard mileages must be used where given.

- Claims from Heads of Service must be authorised by a Corporate Director,
- Claims from Corporate Directors must be authorised by The Chief Executive,
- Claims from the Chief Executive must be authorised by another~~the~~ Corporate Director.~~Resources~~

19.2 The Head of ~~Finance~~Human Resources will reimburse members' claims on receipt of the completed claim form certified by the Member concerned. The Head of ~~Governance~~Human Resources will ensure that claims comply with the relevant section of the Members' Allowance Scheme.

## APPENDIX B

- 19.3 All claims should be completed in full, appropriately authorised and must be submitted within three months of undertaking the journey or incurring the expenses, to qualify for reimbursement.
- 19.4 All foreign travel must be approved in advance in line with the Council's Overseas Visits procedure note.
- 19.5 Detailed guidance on Business Mileage and Expenses Reimbursement and Overseas Visits is incorporated within specific procedure notes which are included on the Intranet.

**CONTACT:** [Employment Services Manager](#)~~Head of Human Resources~~

### 20. Imprests

- 20.1 The Head of Finance in consultation with appropriate Heads of Service may make imprest advances to officers for the purposes of paying minor items of expenditure and any other items as may be approved by him/her.
- 20.2 The Head of Finance reserves the right to withdraw imprest facilities from officers if it is deemed that they are being used inappropriately, the expenditure limit is exceeded, or the facility is rarely used.
- 20.3 The accounts should be maintained on an imprest basis using standard Council imprest stationery and recording procedures for this purpose. All officers should maintain a record of their receipts and payments in a form and manner prescribed by the Head of Finance.
- 20.4 No income received on behalf of the Council may be paid into an imprest account but must be banked or paid into the Council as in section 15 of these regulations.
- 20.5 The imprest account should be continually kept in balance and records submitted as required by the Head of Finance at regular intervals for examination and the reimbursement of expenditure.
- 20.6 The officer responsible for an imprest account shall, if requested, give the Head of Finance a certificate confirming the amount held. Upon leaving the Council or at the request of the Head of Finance the responsible officer shall repay to the Council the balance of the imprest held.
- 20.7 In no circumstances shall cheque imprest accounts be allowed to go overdrawn. The [DeliveryBusiness](#) Unit concerned will be responsible for all bank charges, interest payments and administration charges if this occurs as a result of failure to submit reimbursement claims or if they are submitted too late in order that timely processing can take place.
- 20.8 Detailed guidance on Imprest and Petty Cash Accounts is incorporated within specific procedure notes which are included on the Intranet.

**CONTACT:** Corporate Finance Manager

### 21. Risk Management

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- 21.1 The Cabinet Member for Efficient Community Focussed Council Resources is the lead member on risk management ~~for~~ the Council.
- 21.2 The Chief Executive Corporate Director Resources is the lead officer in respect to risk management and is responsible for the corporate risk management processes of the Council. However it is the responsibility of all employees and members to ensure that the Council's risks are properly managed.
- 21.3 ~~The CMT Corporate Directors and Cabinet~~ will:
- (a) regularly review the Council's ~~key~~ strategic risks
  - (b) annually review the risk management strategy ~~and process~~
  - (c) approve an annual report on the Council's risk management activities

### 21.4 The Cabinet will:

- a. regularly review the Council's key strategic risks
- b. annually review the risk management strategy process
- c. approve an annual report on the Council's risk management activities

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- 21.5~~4~~ The Audit & Risk Manager Corporate Director Resources will keep the Audit Committee informed of the reviews of the Council's key strategic risks, the annual review of the risk management strategy and the annual report on the Council's risk management activities. This will enable the Audit Committee to independently review the Cabinet's and Council's risk management processes as set out in their terms of reference.
- 21.5 The Chief Executive Corporate Director Resources is responsible for the development, co-ordination and maintenance of the Council's Corporate Risk management strategy.

### 21.6 21.6 — Corporate Directors are responsible for the implementation of the Corporate Risk -Management strategy within the priorities that they lead.

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- 21.7 Heads of Service are responsible for implementation of the Corporate Risk Management strategy within their service delivery units~~area~~. Heads of Service are also responsible for ensuring that a proper risk assessment is undertaken for all new activities, projects, changes to services or partnership arrangements and that where required controls are implemented or revised to manage these new/revised risks.

- 21.8~~7~~ Each Head of Service ~~or Director~~ submitting a report to Cabinet, the Council or one of the Council's committees must ensure that any opportunities or risks arising from the proposed action or decision are clearly outlined in the report, in line with the Corporate Risk Management Strategy ~~and the relevant section of the report template within the Constitution.~~

**CONTACT:** Audit & Risk Manager

## 22. Insurance

- 22.1 The Head of Finance Corporate Director Resources will be responsible for the Council's insurance. Only the officer identified by the Head of

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- [FinanceCorporate Director Resources](#) may obtain insurance cover on behalf of the Council.
- 22.2 Heads of Service are responsible for ensuring that all new activities or assets that may introduce an insurable risk to the Council are notified to the Insurance Manager.
- 22.3 Each year Heads of Service must check that the risk-financing strategies in place are sufficient for their risk exposures and notify any changes required to the Insurance Manager.
- 22.4 As soon as officers are aware of any loss, liability or damage-causing event that may give rise to a claim of any kind against the Council they must notify the Insurance Manager who will take the appropriate action to safeguard the Council's position.
- 22.5 Appropriate officers will co-operate at all times with the investigations of the Insurance Manager into any claims and will supply all information upon request. It is imperative that officers comply with the timescales for investigating claims. Failure could directly affect the authority's ability to defend a claim or could result in financial penalties being imposed on the authority/[DeliveryBusiness](#) Unit.
- 22.6 The appropriate officer will make an annual declaration of any claims or events likely to give rise to a claim not yet reported to the [Head of FinanceCorporate Director: Resources](#).
- 22.7 It is the responsibility of the [DeliveryBusiness Unit](#) Manager to ensure that all third parties using the Council's buildings are appropriately insured.

**CONTACT:** Insurance Manager

### 23. Security and Control of Assets

#### 23.1 Stocks and Stores

- 23.1.1 Heads of Service are responsible for determining an efficient stock holding policy to ensure stock levels are not in excess of normal requirements.
- 23.1.2 The Head of Service shall supply the Head of Finance with such information relating to stores as may be required for the accounting, costing and financial records of the Council.
- 23.1.3 Heads of Service shall ensure periodic test examinations of stocks and shall ensure that all stocks are checked at least twice a year, and that a return of stocks in hand at the 31st March is certified.
- 23.1.4 After each stock check a return should be completed indicating any differences between actual and recorded stock. Where, after thorough investigation, differences cannot be reconciled, then the necessary adjustment should be made to the stores accounts. Adjustments to the accounts should be clearly identified and appropriately authorised. Copies of all adjustments should be available for inspection by Audit Services. If the adjustments account exceeds £10,000 (LIMIT B) in any

## APPENDIX B

year, the Head of Finance shall report the circumstances to the member on the Cabinet responsible for ~~Efficient~~ [Community Focussed Council Resources](#), together with explanations for the surplus/deficit.

23.1.5 Heads of Service should ensure that any material surpluses or obsolete stock are disposed of in line with agreed Council procedure. All disposals should be recorded and the records should be available for inspection.

### 23.2 Inventories

23.2.1 Inventories shall be maintained by all ~~Delivery Business~~ Units of all Council assets, including ICT ([see 23.2.2](#)). The Head of Finance shall define the extent to which the assets of the Council shall be recorded and the form in which inventories shall be kept.

23.2.2 A corporate inventory for all ICT assets shall be maintained by the Head of Information Communications and Technology and as such all items will be clearly identified and labelled. ~~Delivery Business Managers~~ Units should not arrange relocation or disposal without appropriate notification to the Head of ICT.

23.2.3 All leased equipment should be clearly identified and labelled. The labelling should indicate that the item should not be sold (as it does not belong to the authority).

23.2.4 The Council's assets shall not be removed from Council premises except in accordance with the ordinary course of the Council's business unless specifically approved by the Head of Service. Council property shall only be used for the Council's purposes unless specific instructions are issued by the appropriate ~~Corporate Director or~~ Head of Service. The Head of Service shall be responsible for ensuring that any such agreements are recorded. Attractive and portable items such as computers, cameras, TVs, video recorders and playback/recording equipment should be identified with security markings as belonging to the Council.

23.2.5 All disposals will be in line with agreed Council procedures and E.U. directives. In addition, special procedures are in place to deal with the disposal of leased equipment – any queries should be referred to the Finance Manager (Capital and Treasury).

23.2.6 ~~Delivery Business Unit~~ Managers are responsible for carrying out an inventory check at least once a year and ensuring that all items are accounted for. All discrepancies must be reported to the Head of Finance.

23.2.7 Detailed guidance on Inventories and Disposal of Assets is incorporated within specific procedure notes which are included on the Intranet.

### 23.3 Land and Buildings

23.3.1 The Head of ~~Asset and~~ Property ~~& Design Management~~ shall be responsible for the Asset Management Plan and maintain or make arrangements for the maintenance of a terrier of all properties owned or rented by the Council.

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23.3.2 The terrier should record:

- the date of acquisition or appropriation
- Council authority
- the holding Board
- purpose for which held
- location, extent and plan reference
- purchasing details
- particulars of nature of interest and rent payable
- particulars of tenancies granted

### 23.4 Information

23.4.1 ~~The Head of Customer Strategy & Business Transformation and other~~ Heads of Service are responsible for the security of all information within their service area. Information can be stored on computers, transmitted across networks including the Internet, printed out or written down on paper and spoken in conversation.

23.4.2 Heads of Service must ensure compliance with the Council's Corporate Information Security Policy to ensure:

- Confidentiality of information
- Integrity of information
- Availability of information
- All software installed and used is properly licensed and appropriate for business use.

23.4.3 Heads of Service must ensure that appropriate registrations under the Data Protection Act are in place to cover the use of information within their service areas. The Data Protection Act 1998 makes provision for the regulation of information relating to individuals, including obtaining, holding, use or disclosure of such information.

### CONTACTS

~~——~~ Stocks and Stores, Head of Finance  
Inventories, Audit & Risk Manager  
Land and Buildings, Head of ~~Asset and Property & Design~~ Management  
Information, Head of ~~Governance Customer Services & Business~~  
~~Transformation~~

### 24. Treasury Management

24.1 The Chief Finance Officer shall arrange all borrowing of monies, and make all arrangements concerning the investment or utilisation of capital monies or other funds.

24.2 In exercising the function, the Chief Finance Officer should comply with the contents of CIPFA's 'Code for Treasury Management in Local Authorities'.

24.3 The Council shall adopt a Treasury Policy Statement and an annual Treasury Management Strategy. The responsibility for their implementation and monitoring will be delegated to the Cabinet.

## APPENDIX B

24.4 The Chief Finance Officer shall report (at least half yearly) to the Cabinet on the activities of the Treasury Management function and on the use of delegated Treasury Management powers.

[24.5 The Audit Committee through their terms of reference will scrutinise the Councils Treasury management arrangements as set out in the Audit Commissions best practice guidance. The Chief Finance officer will provide appropriate information to enable them to fulfil this role.](#)

**CONTACT:** Corporate Finance Manager

### 25. Unofficial and Voluntary Funds

25.1 An unofficial or voluntary fund is defined as any fund, other than an official fund for the Council, which is controlled wholly or in part by an officer by reason of his or her employment by the Council.

25.2 Staff should seek approval from the appropriate Head of Service before establishing an unofficial fund.

25.3 The Head of Service shall maintain a register of all such funds. The register will include the following details for each fund:

- The name of the 'Responsible Officer', as defined in the procedure notes on Voluntary and Unofficial Funds, responsible for the day to day running of the fund;
- The accounting period (which should generally be 1st April to 31st March);
- Bank account details; and
- Cheque signatories.

25.4 Heads of Service shall ensure that all such funds are audited by suitably qualified auditors and are submitted within 6 months of the end of the accounting period to the Council and any other parties (i.e. clients, sponsors, charitable bodies) with an interest in the fund.

25.5 The Head of Finance reserves the right to inspect all documentation relating to unofficial funds and seeks such explanations that are necessary to ensure they are being appropriately managed.

**CONTACT:** Corporate Finance Manager

## APPENDIX B

### APPENDIX A

#### Financial Limits

As financial limits require amending from time to time the limits itemised in the various regulations are referenced to this appendix. When amendments are actioned they will take the place of the amounts currently included in the detailed regulations.

Limit Reference	£
A	5,000
B	10,000
C	25,000
D	5,001 to 10,000
E	10,001 to 24,999
F	25,000 or over
G	50,000
H	75,000
J	100,000
K	250,000
L	500,000
M	Over 100,000
N	200,000
P	Over 200,000
Q	100,000 to 250,000
R	Over 250,000
S	EU Threshold (currently <del>1,5639,442893</del> )
T	EU Threshold (currently <del>3,4927,260313</del> )

## Part 7—Management Structure

### SENIOR MANAGEMENT STRUCTURE

- (a) ~~The Senior Management structure of the Council comprises the Chief Executive, Corporate Directors and Heads of Service. Each Corporate Director has a portfolio of responsibilities, which may include statutory responsibilities, service areas, corporate themes and strategies and specific projects.~~
- (b) ~~The composition of each portfolio may change from time to time to reflect legislative requirements, the needs of the Council and the skills and experience of individual Corporate Directors.~~
- (c) ~~The number of Corporate Directors and Heads of Service may vary from time to time, but at December 2008 there are five Corporate Directors and twenty-two Heads of Service~~
- (d) ~~The allocation of service responsibilities as at December 2008 is as follows:~~

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## APPENDIX D

### Section 10 – Committee Procedure Rules

#### FUNCTIONS, POWERS AND DUTIES OF AUDIT COMMITTEE

##### Delegated matters (i.e. Matters which can be decided (resolved))

##### Internal Audit

1. The approval (but not direction) of, and monitoring of progress against, the internal audit strategy and plan.
2. Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
3. To be able to call senior officers and appropriate members to account for relevant issues within the remit of the Committee – governance, internal audit, risk management, statement of accounts and external audit.
4. The Committee will not receive detailed information on investigations relating to individuals. The general governance principles and control issues may be discussed, in confidential session if applicable, at an appropriate time, to protect the identity of individuals and so as not to prejudice any action being taken by the Council.

##### External Audit

5. Review and agree the External Auditors annual plan, including the annual audit fee and receive regular update reports on progress.
6. To consider the reports of external auditor.
7. Meet privately with the external auditor once a year, if required.
8. Ensure that there are effective relationships between external and internal audit that the value of the combined internal and external audit process is maximised.

##### Risk Management

Recognising that Risk Management is a Cabinet function, the Committee should:-

9. Seek assurances that the authority's risk management arrangements are effective and operating within Council policy and review the Annual Risk Management report to Council.
10. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.

##### Governance

11. Be responsible for the review and approval of the authority's Annual Governance Statement ensuring that it properly reflects the risk environment

## APPENDIX D

and any actions required to improve it. Following approval, it should recommend its inclusion in the Accounts.

12. Consider the effectiveness of the control environment including reviewing the Council's Code of Corporate Governance and other corporate governance arrangements to ensure compliance with best practice.

### Treasury Management

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13. To review and monitor the Council's Treasury Management arrangements including Treasury policies, procedures and the management of the associated risks and make recommendations to the Cabinet as appropriate.

### Statement of Accounts

14. Review and approve the Statement of Accounts, external auditor's opinion and reports on them to members and monitor management action in response to the issues raised by external audit.

### Fraud & Corruption

15. To approve the Anti-Fraud and Corruption Policy for adoption by the Council, and to review it at least once every 2 years.
16. To approve the Speak Up Policy ('*whistle blowing*') for adoption by the Council, and to monitor its operation. This policy will be reviewed at least once every two years.

### Complaints

Recognising that Complaints/Compliments are a Cabinet function, the Committee should:-

17. Review the Annual Complaints Report and seek assurances that the Council is improving in response to complaints raised.

### General

18. The meetings will follow the principles of scrutiny, i.e. no party whip will be applied and a constructive, evidence based approach will be used.
19. To ensure that adequate training is received by the members of the committee on the areas covered by the terms of reference 1 – 17~~6~~ above.
20. To ensure that any sensitive or confidential information obtained as a result of membership of the Committee is treated as confidential.
21. Annually review their effectiveness and their terms of reference.

## **SCHEME FOR DEALING WITH PETITIONS**

### **What constitutes a valid petition?**

#### **A valid petition includes the following:**

Any petition must contain 100 or more valid signatures of people who live, work or study in the Borough.

Details and contact information for the person designated as the petition organiser or lead petitioner.

The signatures of each petitioner should be followed by the date of signature and their name and address (in capitals).

The petition must include a request for some form of action to be taken.

#### **A valid petition must:**

Relate to a function of the Council or a Partner organisation

#### **A valid petition must not:**

Relate to a Planning or Licensing decision

Relate to a matter where a right of recourse or right of appeal is already provided for in law.

#### **A petition will not be accepted as valid in the following circumstances:**

In the opinion of the Monitoring Officer, after consultation with the relevant Cabinet Member, the petition is vexatious, abusive or otherwise inappropriate to be dealt with;

A petition to the same or substantially similar effect has been made to the Council within the previous 12 months of the petition being received;

### **To whom should the Petition be addressed?**

The Petition should be sent to the Customer Quality Team, Telford and Wrekin Council, Civic Offices, PO Box 59, Telford, TF3 4WZ.

Petitions can also be submitted in person to an officer of the Council, via a local councillor, or by e mail.

### **How will the Council respond to the petition?**

## APPENDIX E

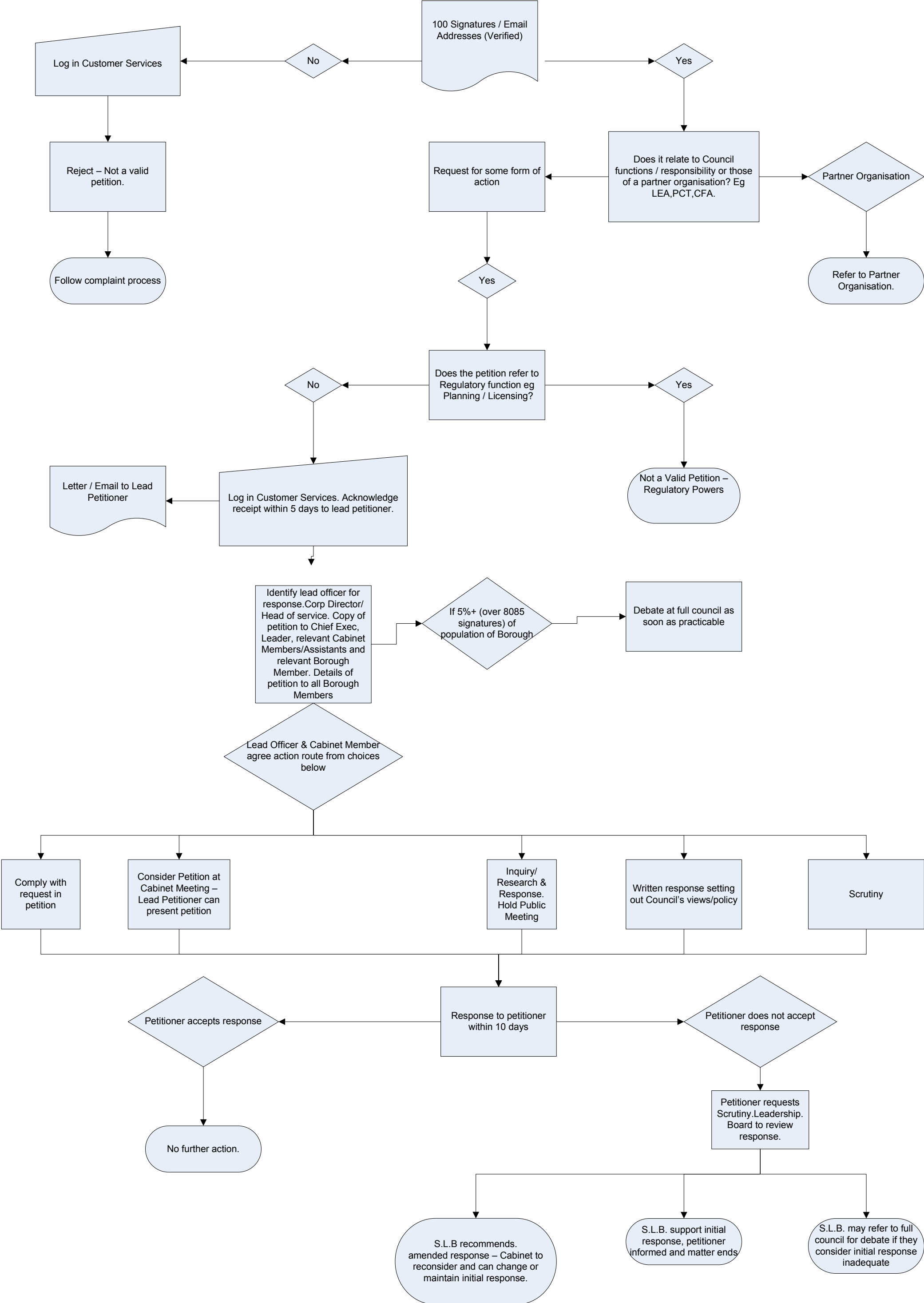
You will receive an acknowledgement of receipt within 5 working days and within a further 10 working days the Lead Petitioner will be informed by the relevant Corporate Director or Head of Service how the Council intends to deal with the petition. This will be in one of the following ways:

- To comply with the request in the petition
- To consider the petition at a Cabinet meeting of the Council, at which the lead petitioner will be able to speak for 3 minutes in support of the petition.
- To commission further research in to the matter, hold an inquiry, or in some cases hold a public meeting to seek further information.
- To provide a written response to the petition setting out the Council's policy or views
- To refer the petition to the Council's Scrutiny Leadership Board for investigation.

\*If a petition is received with the signatures of more than 5% of the population of the Borough this will automatically be debated at a meeting of the Full Council.

# Petition Procedure

August 2009



**TELFORD & WREKIN COUNCIL**

**COUNCIL CONSTITUTION COMMITTEE – 13 APRIL 2010**

**REVIEW OF SCRUTINY ARRANGEMENTS**

**REPORT OF THE SCRUTINY MANAGER**

**1.0 PURPOSE**

- 1.1 For the Committee to consider the proposed changes to the Scrutiny arrangements as agreed by Scrutiny Leadership Board and recommend these arrangements to Full Council.

**2.0 RECOMMENDATIONS**

- 2.1 That the Committee recommend to Full Council on the 29<sup>th</sup> April 2010 the model for Scrutiny arrangements as agreed at Scrutiny Leadership Board on 25<sup>th</sup> March 2010.
- 2.2 That the Committee agrees the process set out in Section 7 of the report to agree any consequent changes to the Constitution regarding Scrutiny.

**3.0 SUMMARY**

- 3.1 Scrutiny Leadership Board agreed to undertake a review of the new scrutiny arrangements introduced in January 2009 when they had been in operation for 12 months. Professor Leach was engaged to undertake the review and his report was completed in February 2010. The report and views from Scrutiny Assembly and Cabinet were discussed at Scrutiny Leadership Board on the 25<sup>th</sup> March 2010. Scrutiny Leadership Board recommend to Council Constitution Committee that the recommendations made by Professor Steve Leach are implemented taking into account the comments made by the Scrutiny Assembly on the 8<sup>th</sup> March 2010.

**4.0 PREVIOUS MINUTES**

- 4.1 AUC -39 Audit Committee 3<sup>rd</sup> November 2009  
SLB -95 Scrutiny Leadership Board 19<sup>th</sup> November 2009  
SLB - Scrutiny Leadership Board 25<sup>th</sup> March 2010

**5.0 BACKGROUND**

- 5.1 The current Scrutiny arrangements were introduced in January 2009. It was agreed that this would be reviewed after 12 months. Professor Leach undertook the review of Scrutiny arrangements during February 2010. The full report and recommendations is attached as Appendix 1.

## **6.0 VIEW OF SCRUTINY LEADERSHIP BOARD**

- 6.1 Scrutiny Leadership Board considered the report and the views of Cabinet and Scrutiny Assembly. The draft minutes of the Scrutiny Leadership Board meeting on the 25<sup>th</sup> March, Appendix 2, will be circulated to Members prior to the Council Constitution meeting on the 13<sup>th</sup> April 2010.

## **7.0 PROPOSED PROCESS TO AGREE CONSTITUTIONAL CHANGES REGARDING SCRUTINY ARRANGEMENTS**

- 7.1 Further work is required to the Constitution regarding the Scrutiny arrangements, but this can only be done once the Scrutiny model has been agreed by Council. Accordingly, it is proposed that Council Constitution Committee recommend to Full Council on the 29<sup>th</sup> April 2010 the Scrutiny arrangements as agreed by Scrutiny Leadership Board as summarised in Appendix 1 page 21.

- 7.2 Currently there is no provision in the constitution for Interim Scrutiny arrangements. Appendix 3 (to follow) proposes to add to the constitution the provision for an Interim Scrutiny Committee that will be politically balanced and have the power to undertake the scrutiny function required under legislation. It is proposed that the Interim Scrutiny Committee will include all the Lead Scrutiny Members appointed at Annual Council and Statutory Co-optees. Until officers have clear directions from Members regarding the amendments to the Constitution regarding the scrutiny arrangements it is proposed that the interim arrangements come into effect following Annual Council. Following Annual Council the Interim Scrutiny Committee will consider the Scrutiny arrangements and recommend the detail of these arrangements to Council Constitution Committee. Council Constitution Committee will then consider these and recommend the consequent revisions to the Constitution to Full Council. Once the Scrutiny arrangements are agreed by Full Council the interim arrangements will be revoked.

- 7.3 At the meeting of the Audit Committee on the 30<sup>th</sup> March 2010, Members recommended the Joint Health Overview and Scrutiny Committee with Shropshire Council, the Value for Money Scrutiny Group and the Corporate Parenting Scrutiny Group are retained in their current format until the final scrutiny structure is agreed in order to continue to provide an interim scrutiny facility in key risk areas whilst final arrangements for any new scrutiny structures are being worked out.

## 8.0 OTHER INFORMATION

<b>Equality &amp; Diversity</b>	Scrutiny will continue to consider the equality and diversity issues relating to the services under scrutiny.
<b>Environmental Impact</b>	Scrutiny will continue to consider the environmental issues relating to the services under scrutiny.
<b>Legal Comment</b>	The Council has a duty to scrutinise its work and that of NHS and partner organisations
<b>Links with Corporate Priorities</b>	Professor Leach's report, Section 4.6 and 4.7, sets out options for the relationship between Scrutiny and the Corporate Priorities.
<b>Opportunities &amp; Risks</b>	<p>It is anticipated that the NHS in Telford and Wrekin and Shropshire will consult on the proposals for acute services in the new municipal year. It is important that the necessary scrutiny arrangements are in place to enable Members to continue to scrutinise the proposals through the Joint HOSC with Shropshire Council.</p> <p>Audit Committee identified further risks regarding Value for Money Scrutiny and Corporate Parenting if the Scrutiny arrangements are not confirmed until after Annual Council.</p>
<b>Financial Implications</b>	There are no direct financial implications from this report however the support provided to the Scrutiny by the Scrutiny Team, Democratic Support and other officers will be affected by the savings required across all areas of Council services.
<b>Ward Implications</b>	There are no ward implications resulting from this report.

## 9.0 BACKGROUND PAPERS

Report prepared by Fiona Bottrill (Scrutiny Manager: 01952-383113)

## **Review of Scrutiny Arrangements at Telford and Wrekin**

### Introduction

- 1.1 In January 2010, I was commissioned to carry out a review of the scrutiny arrangements in Telford and Wrekin Unitary Authority. The brief for the review is included as Appendix 1. The fact that the time available for the review was limited, with three days of interviews and observation during a three day period (February 10 – 12<sup>th</sup>) and then one week to submit a draft report (February 22<sup>nd</sup>) meant that I was unable to deal with all the requirements of the brief as fully as I would have wished. However I am confident that I have identified the main challenges facing scrutiny in Telford and Wrekin, and have developed a series of recommendations in response to these challenges.
- 1.2 During the February 10 – 12<sup>th</sup> period, I interviewed the council leader and deputy leader, the chair of the Scrutiny Leadership Board and (in 3 separate focus groups) 11 active scrutiny members and 4 co-optees. I also interviewed 8 officers, including the chief executive, 2 strategic corporate directors, the Head of Finance and 3 members of the scrutiny team. I subsequently conducted a further 5 interviews by phone, including one with the cabinet member with responsibility for the priority ‘an efficient and community-focused council’. I also observed a meeting of the Value for Money Scrutiny Monitoring Group on February 10<sup>th</sup> and studied various helpful background documents (e.g. the Scrutiny Handbook) and a range of recent reports from task-and-finish groups (including Procurement and Bus Services). These various sources of opinion

and information enabled me to form a balanced picture of the strengths and weaknesses of scrutiny and the challenges facing it.

1.3 The report is divided into four main sections. The first section argues that the onset of the recession, and the financial cutbacks that will continue to affect Telford and Wrekin will require a major rethink of scrutiny's priorities. The second section contains an evaluation of the scrutiny's current structure, processes and performance. In the third section the contribution which structural change could make to improved performance is discussed, including a comparative evaluation of different options. Finally in the fourth section a series of recommendations which would be likely to improve the effectiveness of scrutiny are set out and justified.

1.4 I am grateful to all those who agreed to be interviewed or attended focus groups. Particular thanks go to Fiona Bottrill and the scrutiny team for arranging my programme of interviews at short notice and acting as a reference point during my visit.

#### The impact of the recession on the priorities for scrutiny

2.1 There are many functions which scrutiny can carry out including policy development, policy review, budget formulation and scrutiny, external scrutiny performance monitoring and holding the executive to account. All authorities have to prioritise these different functions. The recession, and in particular its

impact upon the financial resources available to Telford and Wrekin makes a re-assessment of the priorities of scrutiny essential.

2.2 Currently the main priorities for scrutiny are policy reviews, (some of which have covered the responsibilities of external bodies – e.g. the recent review of local bus services) budget scrutiny and (to a lesser degree) performance monitoring and holding the executive to account. The programme of policy reviews was last year developed through the medium of an imaginative ‘away day’ workshop. These reviews, which can be influenced by the views of cabinet members, are typically carried out in task-and-finish group mode, although other mechanisms – e.g. spotlight reviews and special interest meetings are also used. Budget scrutiny and performance monitoring form the main responsibilities of the ‘Value-for-money’ Scrutiny Monitoring Group. Holding the executive to account is done in various ways, with a formal call-in being seen as a ‘last resort’, if the concerns of members cannot be resolved in other ways.

2.3 It is appropriate that scrutiny itself should have the right to decide its priorities and its programme of work on a year-by-year basis and in more normal circumstances, the current set of priorities and the current method of developing the work programme (especially the content of the ‘in-depth’ studies carried out by task-and-finish groups) might be seen as appropriate. However these are not normal circumstances. Local authorities are currently operating in a very different financial climate, where the challenges of maintaining services and dealing with the fall-out of the recession, with reduced financial resources are

indeed formidable. In this situation, there is a new responsibility for scrutiny to ensure that the way it spends its time contributes materially to meeting this challenge. Scrutiny should no longer have the luxury of developing its own programme, irrespective of the agenda facing the local authority as a whole.

- 2.5 This new responsibility does not of course mean that it should compromise its independence of the executive, not that it should cease to take seriously its ‘holding to account’ role, nor that it should not continue to identify and where appropriate highlight issues of public concern as potential scrutiny topics. But it does mean that it should take very seriously the role it can play in helping the authority through the very difficult 4-5 years ahead, by taking on pieces of policy development or policy review work which can make a real contribution to the authority’s capacity to respond to the recession – linked agenda.

#### Evaluation of the Scrutiny’s Current Performance

- 3.1 There are several strengths in the way scrutiny currently operates in Telford and Wrekin. The emphasis on task-and-finish projects is a positive motivation for a reasonable number of members, and typically results in good quality reports (although the degree of influence they have had has varied). There is a commendable (and largely successful) determination to try to minimise the influence of overt party politics on the work of scrutiny. The authority has a well-deserved reputation for its proactive stance to the scrutiny of health issues, which has continued under the new structures introduced in January 2009. The Value for Money sub group has been reasonably effective in its budget scrutiny

and performance monitoring roles and is popular with its members. There is an all-party recognition that scrutiny needs dedicated officer support to operate effectively, and despite a number of staff changes in 2009, the Scrutiny Team has continued to provide effective support and is widely valued.

3.2 However there are a number of issues of concerns which have developed following the introduction of new structures and in the light of the impact of the recession on Telford and Wrekin. These issues can be summarised as follows.

- ❖ Scrutiny has not yet adapted its work programme sufficiently to respond to the impact of the recession, nor to the priorities adopted by the council (One Council: One Team: One Vision)
- ❖ The new structures are confusing for many members and have not significantly improved member involvement and commitment levels (although those members who had previously demonstrated commitment and involvement have continued to display these qualities)
- ❖ The more informal nature of the sub-groups has overcome some of the limitations of the previous commission-based structure, but has also resulted in problems relating to constitutional status, procedure and ability to influence
- ❖ Scrutiny is not currently proving effective in holding the cabinet to account
- ❖ The current structure is problematical for co-optees and especially for the statutory co-optees nominated by educational bodies
- ❖ The system of cabinet assistants has resulted in the Conservative group being under-represented in the scrutiny process with the result that shared ownership of the scrutiny process, has not been achieved

3.3 As many of these issues revolve around the impact of the introduction of the new structures, it is appropriate to address this issue first. The new structures were introduced as an attempt to change the culture of scrutiny working, which was perceived by several (although by no means all) of those involved to have lost momentum during the 2007-2008 period partly because of the mode of operation of the Commissions. It was felt that the Commissions spent too much time on topics where they could not add value and whose proceedings were (in several cases) too dominated by long officer presentations which were certainly informative, but which did not result in scrutiny making much (if any) difference to the issues concerned.

3.4 The new arrangements have a degree of logic to them. The Scrutiny Leadership Board (SLB) is in principle an appropriate mechanism which has the capacity to provide effective leadership and co-ordination to the scrutiny process. Leadership Boards of this nature are widely regarded as good practice (CfPS (2005)), not least because they provide an appropriate organisational counterpart to the cabinet. Similarly the idea of a Scrutiny Assembly, at which all non-executive members and co-optees involved in scrutiny can meet from time to time, to provide a steer to the work programme and to discuss issues of major significance (such as changes in structure) is in principle a sensible one, which has increasingly been introduced elsewhere by 'good practice' authorities. There are confusions about the role and operational problems within both the Leadership Board and Assembly but both are in principle sensible mechanisms.

- 3.5 The four sub-groups, however are more problematical, both in principle and in practice. First, there is no consistent pattern to their remits, covering as they do, a broad service area (Health and Adult Social Services) an important but limited aspect of Children's Services (Corporate Parenting), a concern with budget scrutiny and performance monitoring in an authority wide basis (VFM) and a major long-term educational building project (Campus Telford and Wrekin). This is a strange mixture of the broad and the detailed and leaves major gaps in the subject matter covered by scrutiny (which the 'task-and-finish' projects only fill to a limited extent). This inconsistency cannot be justified.
- 3.6 Second, the mode of operation of each sub-group is problematical. It falls somewhere between a properly constituted scrutiny commission (requiring political balance, formal agendas and minutes, and public and press notification) and a working group (such as those set up to carry out a task-and-finish project) for which there are no such requirements. This indeterminate status is confusing to members, officers, the media and (in so far as they are involved) the public. There have been instances, for example, where an issue to be considered by the Health sub-group has generated media and public interest, resulting in requests for reports and agendas which cannot easily be met, given the normal operating procedures of the sub-groups.
- 3.7 There are advantages in the lack of requirement for political balance, and informality. In relation to political balance, the pressures have been reduced on the hard-pressed group of Conservatives members outside the cabinet, which currently totals 23% of those eligible for scrutiny, but which under political

balance would be required to total 50% of scrutiny positions. In addition the membership of the sub-group is more likely to consist of councillors genuinely interested in the topic, rather than those whose presence is required because of political balance requirements. Informality enables a more productive working environment for certain activities than has been possible within the Commissions. However these advantages, important though they are, have to be set against the constitutional and procedural confusions.

3.8 Thirdly, the lack of formal agendas and procedural uncertainties appear to have resulted in a tendency for officers (other than the Scrutiny and Democratic support staff) to take the sub-groups less seriously than they did the predecessor Commissions. There was a lot of concern expressed by members (including co-optees), about issues such as how information is distributed and the lack of follow-up capacity relating to actions which mainstream officers have agreed to take, which reflected a general lack of clarity (on the members' part) as to what these sub-groups were there for, and what they could reasonably insist on, in relation to officer information provision and attendance by officer and cabinet members.

3.9 A fourth related point is that because of the informal nature and their patchwork nature of their remits, there has been very little attempt to 'hold the cabinet to account', which should be one of the most important roles of scrutiny. The cabinet do not feel they are being held to account, and nor does anyone involved in the scrutiny process.

3.10 The fifth problem relates to the role of the co-optee members of the scrutiny sub-group. There is less of an issue in relation to health, where the co-optees are playing a proactive and helpful role and appear content with the current arrangements, than there is in relation to 'Campus Telford'. The remit of this sub-group has confused the education co-optees. They have an interest in education in the broadest sense; yet they have been channelled into the Campus Telford sub-group which has a narrow remit, in which education per se plays a limited part. True they are also members of the Scrutiny Assembly, but this body meets only occasionally, and rarely discusses education topics. Co-optees with a particular interest in environmental issues find it hard to see where they fit into the new structure. The new structure has marginalised the potential contribution of the education (and some other) co-optees and their sense of being a valued part of the scrutiny process. This is not an acceptable outcome.

3.11 The existing structure is not viable. Although the SLB and the Scrutiny Assembly can be justified, so long as a greater clarity of functions and working arrangements can be devised, the current sub-groups cannot, either in terms of remits and working arrangements. A different balance between constitutional viability and capacity for informal working is required. In addition their capacity to challenge the cabinet needs to be strengthened.

3.12 The second main problem associated with the current way of working of the scrutiny arrangements is the way in which the work programme is established. This may appear a strange viewpoint, given the detailed (and largely appropriate) criteria which exist for the selection of in-depth studies, and the

positive evaluation by members and officers alike of the Scrutiny Assembly workshop – style meeting in 2009 at which the topics for the 2009-10 work programme were discussed and agreed (subject to refinement by the SLB). Indeed if local authorities operated in a more benign financial climate, where resources were available for new initiatives, then the current way of developing the scrutiny programme would have much to commend it. However in the unprecedented recession-related circumstances in which all authorities find themselves, it is essential that scrutiny plays its part in contributing to the ability of the council to deal with the challenging agenda facing it (see 2.1-2.3 above). Currently the work programme formulation process, despite its positive qualities, is not geared up to making this kind of contribution. In addition the current channels of communication between the cabinet and scrutiny (including KIT – the ‘keep in touch’ principle) do not appear to be equipped to remedy this shortcoming.

3.13 The task of developing the capacity of scrutiny to carry out the kind of in-depth policy development and review work which has become a high priority, would be greatly facilitated by an increase in the number of Conservative group members who are involved in the work of scrutiny. Currently there is not really a shared ownership of the scrutiny process amongst all parties. The adoption by the Conservatives of a ‘cabinet assistant’ system has had the effect of preventing the participation in scrutiny of a group of 7 able\* Conservative councillors (in addition to the 7 who hold formal cabinet positions). As noted

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\* it can be assumed that they are seen as amongst the most able group members to have been drawn into the cabinet in this way

earlier, this measure has meant that there are only 11 Conservatives remaining (which will increase to 13 following the February 11<sup>th</sup> by e-elections) to operate as members of scrutiny boards and sub groups. The more experienced Conservative councillors involved have shown commitment and made a valuable contribution, but it has put huge pressure on them, and has contributed to a perception that there is not a shared ownership of the scrutiny process, with the Conservatives being significantly under-represented, in the light of their position as the dominant group on the council. If the council is to move to a position where all parties are committed to contributing to a policy development and review process, the outputs from which will ultimately be taken forward by a Conservative administration, then ways have to be found of increasing the involvement of Conservative members in the scrutiny process. This requirement in turn implies a review of the role of cabinet assistants, including an examination of whether their cabinet involvement necessarily precludes them from a role in scrutiny.

### Conclusion

3.14 The analysis set out in the preceding pages implies the need for a re-assessment of the structures, processes and procedures of scrutiny which would achieve the following ends.

- ❖ Strengthening its capacity to undertake policy development and review projects which would contribute materially to the council's capacity to meet the demanding challenges associated with the recession and the severe financial cutbacks required

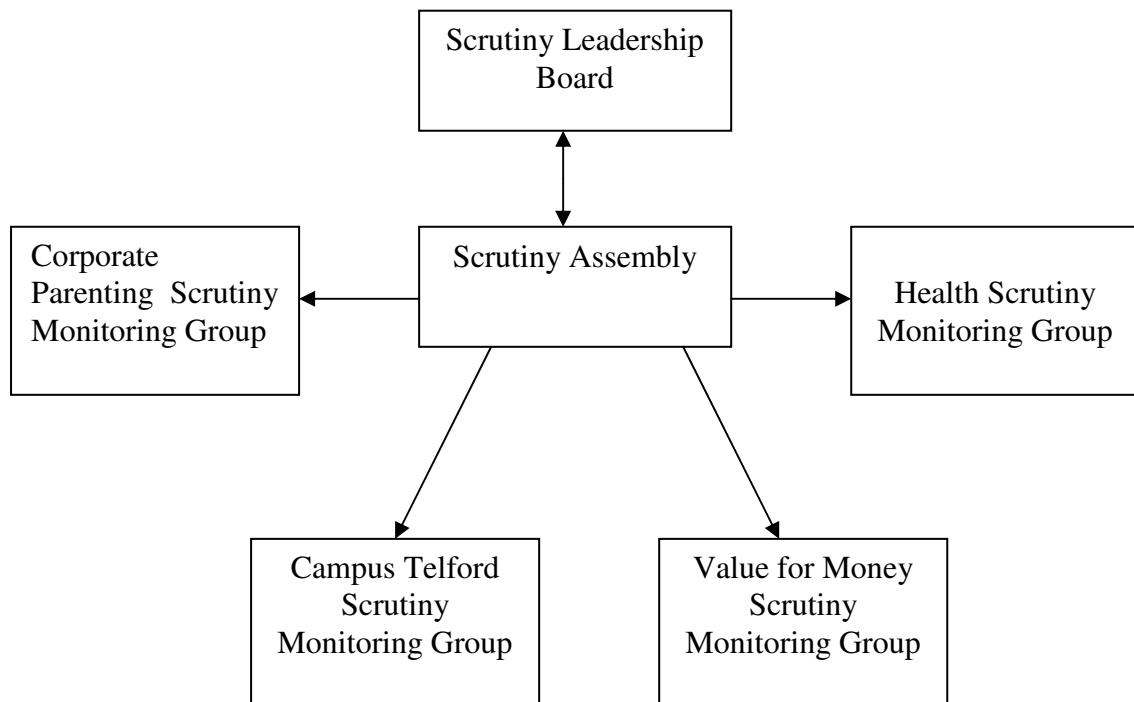
- ❖ Increasing the numbers of Conservative councillors involved in the scrutiny process, in particular the policy work highlighted above
- ❖ Restructuring the way scrutiny's work programme is drawn up so that the most appropriate policy topics can be identified and undertaken
- ❖ Overcoming the confusions and inconsistencies involved in the current remits and operating procedures of the sub groups which are attached to the SLB
- ❖ Retaining the benefits of informal working, whilst ensuring that the scrutiny arrangements operate on a sound constitutional basis

#### The Contribution of Structural Change

4.1 One should always be wary of 'structural fixes'. Organisational culture, appropriate processes and the commitment of individuals can be just as important as structures in facilitating the achievement of priorities, often more so. All these factors can contribute materially to the achievement of priorities for scrutiny, as will be demonstrated later. However, structure can also play its part, and at a time when major structural changes have been made to the senior management structure and to the allocation of responsibilities within the cabinet, it is important to address what implications these changes have for scrutiny structures. Structural change may be necessary, but there would need to be a clear justification for it.

4.2 The current structure (see Diagram 1) has been in operation since January 2009.

Diagram 1: Scrutiny Arrangements



From Scrutiny Handbook 2009

One of the aims of the new structure was to change the culture of the 4 former scrutiny commissions, which were seen by many as increasingly unproductive, and to decrease absenteeism (which was relatively high under the old system). Views about it are mixed; it has its enthusiasts and its detractors. Those who support the new structure argue that it is only a year since it was established, which is not an adequate span of time to be able to judge its effectiveness. Also, there has been a period of staff upheaval within the Scrutiny Support Team, which may have restricted its capacity to facilitate the effectiveness of the new structure. Detractors are critical of the lack of clarity involved in the role and operational style of the four monitoring groups. Concerns were also

expressed about inconsistency in the allocation of responsibilities (and SRAs) amongst lead members and chairs of the monitoring groups. Some felt simply that the new structure had made very little difference.

4.3 There was also criticism of the role and effectiveness of the Scrutiny Leadership Board (SLB) and the Scrutiny Assembly (SA) respectively. However, both these structural features have been introduced elsewhere to good effect and would be regarded as 'good practice'. Whatever other changes are made there is a strong de facto case for retaining both structural elements with their roles suitably clarified.

4.4 More problematical has been the operation of the sub-groups. These problems were discussed in detail on p 6-7 above. Even if changes in the overall structure were not considered necessary, changes would certainly be required in their constitutional status and mode of operation.

4.5 In considering the future of the scrutiny sub-group structure\*, three options emerged for the discussions in the interviews

1. Status quo: the argument here is that the new structure has only been up and running for a year. It requires more time to demonstrate whether it can work effectively in conjunction with the new structures within senior management and the cabinet.

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\* i.e. the structure which operates below the assembly level

2. Priority-based sub-groups: given the centrality of the seven priorities in ‘One Council; One Team; One Vision’, there is a case for introducing a structure for scrutiny based on these priorities
3. Issue or service-based sub-groups: given the dominance of the seven priorities in the executive and management structure, there is also a case for adopting a different categorisation for scrutiny sub-groups, not least to ensure that a (new) silo mentality does not develop around the six priorities (the use of a different categorisation would be congruent with the principle of matrix management)

4.6 In my view, the second option should not be pursued although it admittedly has a degree of logic to it (for example matching scrutiny sub-group remits to priorities would facilitate the function of holding cabinet members (and strategic directors) to account). The accountability link already exists, in that the six scrutiny lead members already each have a responsibility for a particular priority. This set of responsibilities should be retained. The use of the seven priorities as a basis for changing the structure of scrutiny would, in my view, involve a greater degree of potential problems than potential benefits particularly in that it would result in the (over) dominance of one organisational design principle above any alternative. It would also result in an over-elaborate structure, and represent something of a missed opportunity (see below).

4.7 The third option is preferable in a ‘checks and balances’ sense in that it provides a different way of dividing up reality to avoid the development of ‘silo thinking’. There remains the issues of what organisational principle should be

used. There are various possibilities – location (e.g. South Telford) client group (e.g. prolific service-using families) cross-cutting issues (e.g. community cohesion) or traditional (but still relevant) service categories (e.g. education).

- 4.8 However there is also a persuasive case for retaining much of the status quo. The structure introduced in January 2009 hasn't yet had a reasonable time to demonstrate its effectiveness (or otherwise). The Scrutiny Leadership Board and Scrutiny Assembly are both acknowledged examples of 'good practice', which work well in other authorities. Both the Health sub-group and the Value for Money sub group have settled down well and made a significant impact. The Corporate Parenting sub group covers an important issue for the council and shows signs, after a period of uncertainty, of developing a more productive role although its remit does create problems for co-opted members with an education background.
- 4.9 The most appropriate way forward, in my judgement, is a modified status-quo model which introduces elements of the issue or service-based organisational principle into a modified version of what already exists. There would need to be a clarification of constitutional status and mode of operation of all the existing elements which are retained. And crucial to the capacity of the new arrangements to deliver in terms of the challenging recession-linked agenda facing Telford and Wrekin would be a redesign of the existing system for identifying the programme of in-depth studies, which should involve a greater degree of negotiation between cabinet and the Scrutiny Leadership Board.

## Recommendations

Set out below are the main changes to structure and processes which are recommended.

### 5.1 The Scrutiny Leadership Board

The Scrutiny Leadership Board (SLB) should be retained at its current size, and with its existing political composition (3 Conservative; 2 Labour; 1 other). The principle of allocating a shadow portfolio to each of its six members should be retained, with the current chair of the SLB holding the shadow portfolio for ‘Adults Care and Support’ (which includes the Health Scrutiny function). One SLB member would need to cover two portfolios (perhaps the Economy – and Housing – related briefs), unless the size of the SLB were to be increased to 7.

5.2 The tasks identified for the SLB in the Scrutiny Handbook are in general appropriate. The problem is that they are not well understood by all its members, nor is the work of the SLB always focused on these tasks.

5.3 The agendas of the SLB should become more focused, with ‘general discussion’ sessions (about progress or emerging issues) identified on the agenda when required, but given a (time-limited) slot in the meeting to enable the SLB to do justice to the more specific items of business facing it. There should in addition be a much more systematic system of briefing and reporting back between the SLB and the sub groups (or panels) attached to it.

#### 5.4 The Scrutiny Assembly

The Scrutiny Assembly should continue in existence and continue to meet on a quarterly basis. Its key role should be to increase the commitment of all members involved in scrutiny, by enabling them to make a real contribution to the priorities and work programme of scrutiny. The role of the Scrutiny Assembly and the meetings earmarked for it in the Scrutiny Handbook seem appropriate. It should also be used as a way of keeping all scrutiny members (including co-optees) informed about the progress of scrutiny initiatives throughout the year. The ‘extranet’ may prove particularly helpful in this respect.

#### 5.5 The Scrutiny Monitoring Groups

The sub-group structure of scrutiny should be modified in the following ways.

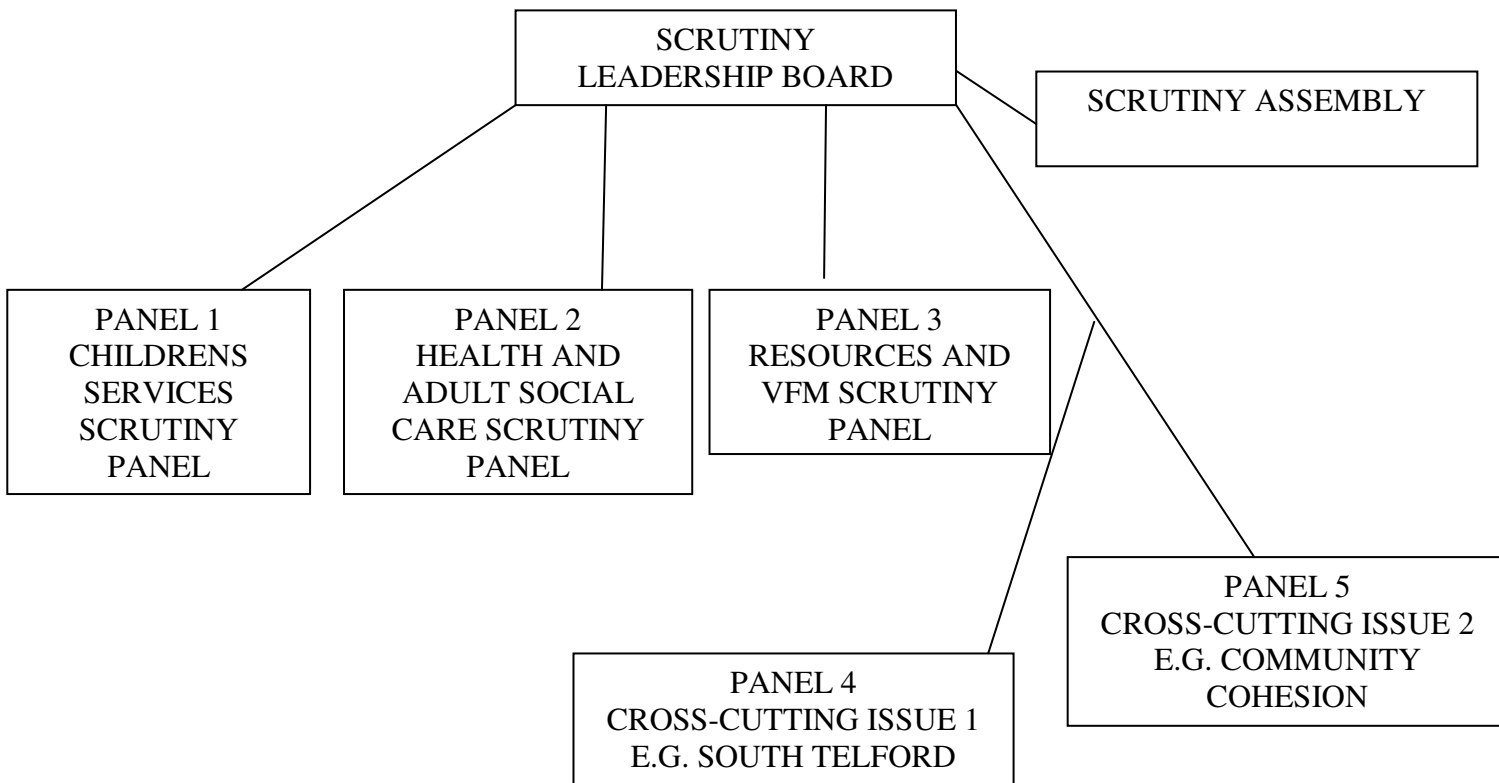
- a) Three scrutiny panels should be established, and given a proper status within the constitution. The principle of political balance should be applied, and the panels should be subject to the normal expectations of public agendas and minutes, and should be serviced by democratic support staff. In two cases (‘Health and Adult Care Services’ and ‘Value for Money’) the new panels should operate with the same remit as the parallel scrutiny monitoring groups which currently exist. In the third case ‘Children’s Services’ a new panel should be established with a remit which covers the full operation of educational and child protection services. This panel would form a natural home for the education co-optees.

- b) The remit of the Campus Telford and Wrekin scrutiny monitoring group should be subsumed within the remit of the proposed Children's Service Panel, and should thus be discontinued as a separate entity.
- c) The existing Corporate Parenting Scrutiny Monitoring group should be reconstituted as a small working group attached to the Children's Services Panel. Constitutional status and political balance would not be necessary. Any issues requiring formal action should be referred to the Children's Services panel for action.
- d) The three new panels should meet quarterly on a formal basis (or possibly every two months). Between formal meetings, a programme of work involving an appropriate balance of in-depth reviews, spotlight reviews special interest meetings and training sessions should be organised to meet the panel's commitments.
- e) At the joint cabinet/scrutiny programme planning meeting (see below) at the start of the municipal year, two further panels should be established to undertake projects which it was agreed had the potential to contribute materially to the achievement of the council's corporate priorities, in the context of the recession and the difficult financial situation faced by the council. Such projects could cover particular problematical areas of the authority (e.g. South Telford) particularly client-groups (e.g. families who are prolific service users) or particular issues within one of the council's strategic priorities (e.g. community cohesion, homelessness, school to work transition). The panels concerned would not require formal constitutional status or political balance in their membership. Interest in the topic concerned would be the key requirement. These

panels would decide their own meeting frequency and pattern of work, in the context of the brief provided for them following the annual cabinet/scrutiny liaison meeting. Their work would be focused on policy development or policy review projects, but within a broader priority area than the topics previously addressed in in-depth reviews.

- f) Any reports emerging from any of the panels (formal or informal) would be referred in the first instance to the SLB for comment. The SLB would not however have the power to change the content of any report, including the recommendations. The panel concerned could then (if it wished) modify its report, before submitting it to the cabinet.
- g) Debates on major reports could also take place at the scrutiny assembly or full council, where there was sufficient interest and where this was felt to be appropriate.

The new structure is illustrated diagrammatically in Diagram 2.

**Diagram 2 : The proposed new structure**

5.6 For this new structure to work effectively, two conditions would be necessary. First, the involvement of the Conservative group in Telford and Wrekin in the activities of scrutiny would need to be considerably strengthened. Secondly, the way in which the scrutiny work programme was drawn up would require significant changes.

#### Strengthening the Involvement of the Conservative Group

5.7 The strengthened involvement of the Conservative group is crucial because the new priority for scrutiny in the current circumstances would be to support the cabinet in its work (whilst retaining the holding to account role). Ultimately,

however impressive the in-depth work of a scrutiny panel was, it would not be influential unless it were to be accepted and taken forward by the cabinet. It has been argued that this outcome is more likely if the cabinet were to play a more proactive role in the setting of the scrutiny work programme and it would also be facilitated by a greater Conservative presence on the task-and-finish groups and panels. Some of those Conservative members who currently operate as cabinet assistants would have the skills to play a lead role in these groups and panels; something which they are currently precluded from doing.

5.8 The deployment of cabinet assistants, although by no means unique, is a device operated by only a small number of authorities. Clearly, if the practice was discontinued in Telford and Wrekin, it would free up the members concerned to play a major role in scrutiny. However recommendations about this choice are a matter for the Conservative group and are outside the scope of this report.

5.9 However there is another possibility. In other authorities which operate with cabinet assistants, it has not been felt to be necessary to exclude them from scrutiny activity. Cabinet assistants occupy something of a hybrid position. They are included within the cabinet, but cannot legally be allocated any decision making powers, either individually or collectively. Political advisors is perhaps the most realistic way of characterising their role. In those circumstances, some authorities have taken the view that there is no reason why cabinet assistants should not serve on scrutiny panels nor indeed lead in-depth reviews, so long as they do not do so in subject areas for which they have advisory cabinet responsibilities. Thus if a cabinet assistant played a major role

in cabinet in relation to ‘healthy communities’, it would not be advisable for he or she to a member of the Health Scrutiny panel. However there would be no reason why membership of a children’s services scrutiny panel should not be acceptable for this individual, nor a lead role in a panel focusing on a cross cutting issue such as community cohesion. This change in the rules would need to be agreed in Telford and Wrekin for the requisite strengthening of Conservative involvement in scrutiny to be achieved.

### Strengthening the Relevance of the Work Programme

5.10 The second condition – change in the way the scrutiny work programme is drawn up – is necessary to strengthen the degree of cabinet influence on the work programme. If it cannot exercise such influence, then the potential impact on the cabinet of the in-depth studies which scrutiny carries out is very much reduced, and the aim of increasing the capacity of scrutiny to contribute to the recession-linked council agenda becomes less likely to be achieved.

5.11 The implication is that a key part of the way in which scrutiny decides its annual work programme should be an in-depth discussion with the cabinet about this programme, in which the cabinet is able to explain what pieces of work it would find most useful, and why. This discussion could take place as part of the Scrutiny Assembly programme development ‘away day’, the format of which proved so successful in 2009. It could also take place shortly after this event, when the SLB is clear about the priorities which have emerged from the

scrutiny side, and would hence be in a better position to discuss and negotiate a programme with cabinet.

5.12 The ideal outcome would be a work programme which consisted of some items which had emerged from the Assembly away day, but also some items which cabinet had persuaded the SLB that it would be to everyone's advantage if they included them in their work programme. The joint meeting could also usefully agree the remits and briefs for the two 'cross-cutting' panels which were advocated earlier in this report.

5.13 For a dialogue of this nature to prove productive (in the sense of increasing the role of scrutiny in supporting the cabinet) there would have to be an acknowledgment on the part of the SLB that it was appropriate that scrutiny should indeed move in this direction. Cabinet cannot of course tell scrutiny what it should do, nor would that be appropriate. There is nothing to prevent the SLB ignoring the proposals made by the cabinet, and emphasising its right (and intention) to set its own work programme, irrespective of cabinet suggestions of policy reviews or development it would find particularly helpful. But to do so would reduce scrutiny to a marginal role, at a time when its positive contribution to the future of the authority could be immense. Nor would a positive response be incompatible with a rigorous approach to 'holding the executive to account'. Indeed there is scope for scrutiny to operate as a real 'critical friend' by becoming more critical as well as more friendly.

Other Recommendations for Change

- 5.14 There should be an expectation that the chairs of the five panels should be drawn from the membership of the SLB. If however it is agreed that the chair of a panel would more appropriately be filled by someone other than an SLB member, then that chair should receive an SRA equivalent to that of an SLB member. If the council wishes to restrict scrutiny SRAs to 6, then the implication is that the SLB member who does not chair a panel should not receive an SRA. In other words, the six SRAs should be allocated to the chair of the SLB and the chairs of the five panels.
- 5.15 The brief for in-depth studies should recognise that in the current financial climate, proposals for change that involve additional expenditure are not likely to be feasible, unless compensatory savings (resulting from the proposals) can be identified elsewhere in the budget, **or** the additional expenditure can be justified in terms of its contribution to the council's priorities.
- 5.16 Members of in-depth reviews (and spotlight reviews/special interest meetings) should be encouraged to be more radical in their thinking, seeking to develop imaginative new ways of providing services and achieving priorities which can either increase quality at no extra cost or maintain quality with lower costs. Such outcomes would be greatly beneficial in helping the authority to use its limited resource more efficiently and effectively.
- 5.17 The formalisation of three of the panels (Children's Services, health and Adult Care and Value for Money) will strengthen the capacity of scrutiny to hold

cabinet members to account. The panels should not hesitate to use this capacity if they are concerned about any cabinet decision-planned or already taken – within their sphere of responsibility. The SLB should adopt a similar approach, particularly for cabinet decisions which fall outside the remit of the three formal panels. In all cases, however, the cabinet member concerned should be briefed in advance about what questions the SLB or panel wish to raise with him or her.

5.18 Holding the executive to account would not be an appropriate role for the two other panels whose main task would be policy development or review. However there would be every reason to involve cabinet members in a different way, that is as ‘expert witnesses’ in the work of the panel. Although cabinet members cannot be members of scrutiny panels (or task-and-finish groups) their views and experience can be drawn upon whenever that is felt to be helpful. In this way, cabinet members can make a real contribution to policy development/review, whilst acknowledging the lead role which scrutiny is playing in the process.

5.19 The current arrangements for call-in, whereby discussions take place with the members who are minded to invoke the call-in procedure to see if the concerns involved can be resolved without a formal call-in, are sensible and should be retained. However such concerns cannot be resolved in this way, it would be better if the monitoring officer were the final arbiter of whether the call-in request meets the criteria set out by the council. In coming to a decision he should seek the views of the chair of the SLB, as well as those of the applicant.

- 5.20 There may also be advantages in reducing the number of councillors required to initiate the call-in procedure. It is currently 5, which means that some of the smaller groups may find it difficult to elicit support from members of the two major parties. The alternative of requiring only 3 members to be party to a call-in request should be seriously considered. This change would be in line with practice in many other authorities (indeed some authorities permit call-ins from individual councillors). The important element in the process is ensuring that there is a substantive justification for the call-in, within a framework of criteria agreed by the council.
- 5.21 The format of the forward plan should be revised and an attempt made to make it more accessible to scrutiny members so that they can more readily make a judgement about any issue upon which they want to express a view before the cabinet discusses it. However a more open sharing of the cabinet work programme in liaison meetings with scrutiny would probably achieve the same end.
- 5.22 Joint liaison meetings of the cabinet and SLB should take place twice a year. The first meeting should take place as soon as feasible in the municipal year to discuss and (hopefully) agree a programme of in-depth reviews which were appropriate to the strategic priorities of the authority (and the impact of the recession) and also to agree the subject-matter of the two informal panels. The second meeting should take place midway through the municipal year, to discuss progress and to amend the programme if necessary.

5.23 The process for agreeing the work programme for scrutiny discussed in 5.11 – 5.12 above would still leave scope for in-depth reviews, spotlight reviews and special interest meetings, on topics which were felt to be priorities by scrutiny members but which fell outside the priorities and suggestions emanating from the cabinet. However, in the new circumstances, and given the limits to the overall number of in-depth reviews which are feasible, a smaller number of such priorities would have to be agreed. The Scrutiny Assembly programme planning away day should continue to be the key mechanism for generating and evaluating such priorities. In deciding priorities particular attention should be paid to issues of public concern, where the council is in a position to respond to the problem or to influence other agencies to do so.

5.24 Given the role proposed for scrutiny in contributing in a major way to the development or review of policies which will help the authority to respond to the challenges of the recession with diminished financial resources, it is essential that the scrutiny team should be retained at its current strength (as at March 2010) to enable it to effectively support this new priority (as well as the on-going functions).

5.25 Training and development programmes which are tailored to the specific needs of scrutiny chairs and active members are an essential contribution to good scrutiny. The council should review its current training programme, in the light of any change it decides to make as a result of this report and seek to provide a range of relevant modules which will enhance the skills of scrutiny members. A priority should be given to the development of leadership capacity amongst scrutiny

chairs, whose contribution will be crucial to the success of the proposed arrangements. However it is also essential that all scrutiny members be strongly encouraged to develop relevant skills, to strengthen the part they can play in the demanding agenda which faces scrutiny.

## **Brief for Review of Scrutiny Arrangements and Lead Member Appraisals**

### **2009/2010 Telford and Wrekin Council**

#### **Background**

It was agreed by the Council's Scrutiny Leadership Board at the meeting on 19 November 2009 that the annual appraisal of Scrutiny Lead Members would be combined with a wider review of the Scrutiny arrangements introduced in January 2009. It was agreed that an external consultant would be engaged to undertake this work and report back to Scrutiny Leadership Board on 25 March 2010.

#### **Aim of the Review**

The Review will:

- Appraise the work of the Lead Scrutiny Members based on the issues identified in the Lead Member Appraisal framework
- Assess the effectiveness of the scrutiny structure of Scrutiny Leadership Board, Scrutiny Assembly and Sub Groups in scrutinising the work of the Council, NHS and partners involved in the Local Area Agreements
- Assess the effectiveness of Scrutiny in undertaking the work programme of reviews, spot light reviews and special interest meetings
- Consider any implications for Scrutiny of the recent restructure under 'One Council, One Team, One Vision'
- Review the support arrangements in place to enable Scrutiny to effectively undertake its function in the context of the Council's recent restructure

- Assess the effectiveness of the Scrutiny arrangements as part of the Council's governance arrangements This will form part of the evidence reported to Audit Committee on 30 March 2010.
- Make recommendations to Scrutiny Leadership Board based on the evidence gathered during the review, national developments in Local Government Scrutiny and national good practice.

## Methods

The review will require a range of evidence:

- Document review (Appendix 1)
- Observing Scrutiny meetings in progress
- Meetings with Scrutiny Members (political balance and engaged / not engaged)
- Co-opted Members focus group
- Member appraisal questionnaire and interviews
- Meeting with Leader and Executive Members
- Chief Executive / Director interviews
- Meeting / focus groups with Lead Officers

## Time Scales

The final report will be presented to Scrutiny Leadership Board on the 25<sup>th</sup> March 2010. The draft report should be received week commencing 1 March 2010 to be signed off by the Chair of Scrutiny Leadership Board Week commencing 8 March 2010. The review will involve 5 – 6 days work broken down approximately as follows:

Planning and preparation	0.5 day
Document review	0.5 day
Interviews, focus group, attending meetings	2-3 days

Write up	1 day
Draft report to be signed off by Chair of SLB	0.5 day
Present to Scrutiny Leadership Board	0.5 day

**Officer Support**

The Scrutiny Team and Democratic Support will co-ordinate meetings / focus groups.

The main point of contact will be the Scrutiny Manager.

**TELFORD & WREKIN COUNCIL**

**COUNCIL CONSTITUTION COMMITTEE –13<sup>th</sup> April, 2010**

**CHANGE OF EXECUTIVE ARRANGEMENTS**

**REPORT OF THE HEAD OF GOVERNANCE**

**1.0 PURPOSE**

- 1.1 For members to consider the implications of changes in the law that require changes in the decision-making structure

**2.0 RECOMMENDATIONS**

- 2.1 Note the position regarding the proposed changes to the Council's decision-making structures
- 2.2 Recommend the proposed draft timetable to Council

**3.0 SUMMARY**

- 3.1 The Council needs to review its decision-making structures in the light of changes in the law. To do this the Council needs to approve the timetable, proposed consultation process and decision-making structures to ensure that a decision is taken by Council for implementation from May 2011.

**4.0 PREVIOUS MINUTES**

- 4.1 None

**5.0 INFORMATION**

- 5.1 This authority has to review its executive arrangements. Currently the Council elects a Leader. The Leader can then appoint up to nine other councillors to form a Cabinet. The Cabinet is collectively responsible for recommending an overall budget and the policies that make up the Council's policy framework to the Full Council.
- 5.2 The Cabinet then delivers and implements the budget and policies that have been decided by the Full Council and is also the focus for forming partnerships with other key organisations to address local needs. The Leader and Cabinet are held to account by the scrutiny committees which are made up of Councillors from all the political groups represented on the Council.
- 5.3 Under the Local Government and Public Involvement in Health Act 2007 the Council has to reconsider their decision-making arrangements, principally the two alternative options for how executive decision-making by Councillors should operate from May 2011.
- 5.4 The two options now available to the Council are:

**Option A: Leader and Cabinet**

Similar to the current arrangements, the Council elects a Councillor to become the Leader. This Leader would be elected for a period of four years instead of just one. As currently the Leader would still appoint up to nine Councillors to act as Cabinet members. The Leader would also decide their portfolios and the extent to which each Cabinet member could make decisions on an individual basis. The Leader would appoint a Deputy Leader who would also serve a four-year term.

The Council could also make provision in its constitution for removal of the Leader by resolution.

### **Option B: Directly elected Mayor and Cabinet**

Directly elected by voters at the same time as they elect the other Councillors to serve for a period of four years. The Mayor would then choose a Cabinet of not more than nine Councillors.

The remaining elected Councillors would continue to have a role on the Council's scrutiny Committees and to hold the directly elected Mayor and Cabinet to account.

The Mayor would appoint a Deputy Mayor who would also serve a four-year term.

The Council would have to decide whether to continue also to have a traditional, civic and ceremonial Mayor and, if so, identify a way of differentiating the political Mayor's role from the ceremonial Mayor. Alternatively, the directly elected Mayor could carry out civic and ceremonial functions.

There is no provision for the removal of a directly elected Mayor during the four-year term of office.

Attached at Appendix 1 details a comparison between the 2 options.

## **6.0 TIMETABLE**

Appendix 2 provides a detailed timetable for how this matter will be progressed through to Council at the end of November

## **7.0 OTHER INFORMATION**

<b>Equality &amp; Diversity</b>	The consultation process will be designed to integrate equality and diversity issues.
<b>Environmental Impact</b>	None arising directly from this report.
<b>Legal Comment</b>	The legal comment is set out within the main body of this report.
<b>Links with Corporate Priorities</b>	The Council seeks to deliver its objectives of providing leadership, accountability and high standards in

	local democracy.
<b>Opportunities &amp; Risks</b>	The opportunities and risks associated with this process have been assessed. Arrangements will be put in place to manage the risks and maximise the opportunities that have been identified.
<b>Financial Implications</b>	A budget is in place for payment of allowances to elected members under the current leadership structure. The total cost of member allowances paid under the proposed new structure will need to be managed within the resources available. Costs associated with the consultation exercise will be met from existing budgets. MLB 17.03.10.
<b>Ward Implications</b>	Borough wide

## 10.0 **BACKGROUND PAPERS**

Council Constitution

Report prepared by Jonathan Eatough, Head of Governance, telephone 01952 383200

## Appendix 1

### Leader and Cabinet Executives compared with Elected Mayor and Cabinet Executives

	<b>Leader and Cabinet</b>	<b>Elected Mayor and Cabinet</b>
<b>Status</b>	As now, the leader would be elected by the Council in May 2011	The mayor is not a councillor but is directly elected by voters.
<b>Term of office</b>	The leader's term of office would start on the day of his or her election as leader and ends four years later on the day of the post-election annual Council meeting.	The term of office of an elected mayor is expressly said to be four years.
<b>Discharge of functions</b>	The leader may discharge executive functions or may arrange for their discharge by: the cabinet, a member of the cabinet, a committee of the cabinet or an employee of the Council.	The mayor may discharge executive functions or may arrange for their discharge by: the cabinet, a member of the cabinet, a committee of the cabinet or an officer of the authority.
<b>Appointment of Cabinet</b>	The Council's constitution must provide for the leader to determine the number of councillors appointed to the Cabinet but this must be no less than two and no more than ten.	The constitution must provide for the mayor to determine the number of councillors appointed to the Cabinet but this must be no less than two and no more than ten.
<b>Deputy</b>	The leader must appoint a deputy leader, who will hold office as such until the end of the leader's term of office unless he or she resigns as deputy leader, ceases to be a member of the Council, or is removed by the leader. If the office of deputy leader is vacant, the leader must appoint one.	The mayor must appoint a deputy mayor, who will hold office as such until the end of the mayor's term of office unless he or she resigns as deputy mayor, ceases to be a member of the authority, or is removed by the elected mayor. If the office of deputy mayor is vacant, the mayor must appoint one.
<b>Provisions if unable to act</b>	If the leader is unable to act or the office of leader is vacant, the deputy leader must act in his or her place. If neither the leader nor the deputy leader is able to act, the cabinet must act in the leader's place or arrange for a member of the cabinet to do so. .	If the elected mayor is unable to act or the office of elected mayor is vacant, the deputy mayor must act in his or her place. If neither the mayor nor the deputy mayor is able to act, the cabinet must act in the mayor's place or arrange for a member of the cabinet to do so.

	<b>Leader and Cabinet</b>	<b>Elected Mayor and Cabinet</b>
<b>Removal</b>	A local authority's constitution may provide for the council to remove the leader by resolution at any time during the term.	No provision for removal during the mayor's term of office.
<b>Appointment of assistants</b>	In the Leader and Cabinet model, there is not a direct equivalent to the power for the Secretary of State to provide for the appointment of a person to provide assistance to an elected mayor. However, the Local Government and Housing Act 1989 contains provisions for the appointment of assistants by political groups.	The Secretary of State may by regulations make provision for or in connection with the appointment of a person to provide assistance to an elected mayor. The (Elected Mayor and Mayor's Assistant) (England) Regulations 2002 have been made to provide for this.
<b>Civic and ceremonial duties</b>	The Council would be entitled to retain a civic and ceremonial Mayor who would also chair meetings of the full Council.	<p>Only the directly elected Mayor could use the title of "Mayor".</p> <p>The Council could decide to disestablish the position of a civic and ceremonial Mayor. In which case the directly elected Mayor would decide to what extent he or she would wish to perform civic and ceremonial functions.</p> <p>A Councillor would have to be appointed to chair Council meetings if the traditional position of civic and ceremonial Mayor was disestablished</p>

## Appendix 2

### Timetable for Process to consider options and agree changes to the Council's Executive Governance arrangements

<b>Date</b>	<b>Committee/action</b>	<b>Purpose</b>
13/04/10	Council's Constitution Committee (CCC)	To consider options and to recommend to Council the process and timetable for the review of the Council's Executive Governance arrangements.
29/04/10	COUNCIL	To agree the process and timetable for the review of the Council's Executive Governance arrangements. To agree delegation to the CCC to agree the consultation documentation.
01/04/10 – 21/05/10	Develop consultation documentation	Governance, Corporate Core service areas and reviewed by CMT
Tbc but during w/c 24/05/20	Council's Constitution Committee (CCC)	To agree the consultation documents (under delegation from Council).
01/06/10 to 31/08/10 (3 months)	Consultation	All affected by the Council's Executive Governance arrangements – including the Community, citizens panel, stakeholders, partners, parish councils, scrutiny etc (not an exhaustive list)
Early September 2010	Evaluation of responses	Governance & CMT
14/09/10 (moved from 07/09/10)	Present preferred option to Council's Constitution Committee (CCC)	Consider output from consultation and evaluation and recommend preferred proposal to Council for further consultation
07/10/10	COUNCIL	
11/10/10 - 19/11/10 (6 weeks)	Consultation on preferred option	To all previous consultees but particularly to those who made a comment.
23/11/10 - 29/11/10	Final papers to CMT and then prepared for despatch for CCC	Final papers prepared for CCC for recommendation to Council
07/12/10	Council's Constitution Committee (CCC)	Agree future arrangements to make final recommendations to Council.
16/12/10	COUNCIL (additional meeting)	To approve future arrangements
17/12/10 – 07/02/11 - 10/02/11	Update Constitution to reflect approved arrangements and reviewed by CMT	Governance
11/01/11 or 22/02/11	Council's Constitution Committee (CCC)	Review amendments to the Constitution to reflect approved arrangements
03/03/11	COUNCIL	Approve changes to the constitution to reflect the approved arrangements