

Council SUMMONS AND AGENDA

DATE: Thursday 13 November 2014

TIME: 7.30 pm

VENUE: Council Chamber, Harrow
Civic Centre

All Councillors are hereby summoned to attend the Council Meeting for the transaction of the business set out.



Hugh Peart
Director of Legal and Governance Services

Despatch Date: [5 November 2014]

PRAYERS

The Mayor's Chaplain, His Grace Srutidharma das, will open the meeting with Prayers.

1. COUNCIL MINUTES (Pages 1 - 8)

That the minutes of the Extraordinary meeting and ordinary meeting held on 24 July 2014 be taken as read and signed as correct records.

2. DECLARATIONS OF INTEREST

To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from all Members of the Council.

3. MAYOR'S ANNOUNCEMENTS

To receive any announcements from the Mayor. Information as to recent Mayoral engagements will be tabled.

4. PROCEDURAL MOTIONS

To receive and consider any procedural motions by Members of the Council in relation to the conduct of this Meeting. Notice of such procedural motions, received after the issuing of this Summons, will be tabled.

5. PETITIONS

To receive any petitions to be presented:

- (i) by a representative of the petitioners;
- (ii) by a Councillor, on behalf of petitioners;
- (iii) by the Mayor, on behalf of petitioners.

6. PUBLIC QUESTIONS *

A period of up to 15 minutes is allowed for members of the public to ask questions of members of the Executive, Portfolio Holders and Chairmen of Committees, of which notice has been received no later than 3.00 pm two clear working days prior to the day of this Meeting. Any such questions received will be tabled.

7. PETITION - HARROW ARTS CENTRE

A petition containing over 2,000 signatures has been received from the Hatch End Association in relation to Harrow Arts Centre and has the following terms:

"We the undersigned wish to object in the strongest terms to any plans that Harrow Council may put forward to close the Arts Centre in Hatch End. We call upon Harrow Council to retain the existing Arts Centre as a centre of excellence for delivering the Arts, Education, Sport & Leisure to all the residents of Harrow."

In accordance with the Council's Petition Scheme, a petition containing more than 2,000 signatures will be considered/ debated by full Council. The Petition meets the threshold of signatures needed to engender a Council debate.

A representative of the Hatch End Association will read the terms of the petition on behalf of the petition signatories. There is a period of one minute allocated to present. A period of ten minutes is permitted for Members to debate the Petition terms and issues.

Following discussion the Council may choose to refer the petition to the Cabinet, a Committee or Corporate Director to determine the matter, taking into account the views expressed by Council.

8. LEADER AND PORTFOLIO HOLDERS' ANNOUNCEMENTS

To receive a presentation from the Leader of the Council and Portfolio Holders on business since the last ordinary meeting, followed by a question and answer session. The item is allotted 20 minutes.

9. APPOINTMENT OF CHIEF EXECUTIVE (HEAD OF PAID SERVICE)

Recommendation I : Chief Officers' Employment Panel
(4 November 2014)

10. AMENDMENTS TO THE COUNCIL'S PAY POLICY STATEMENT 2014/15

Report of Interim Head of Paid Service

11. PENSION BOARD - DRAFT TERMS OF REFERENCE (Pages 9 - 18)

Report of the Director of Finance and Assurance

12. LONDON PENSIONS COLLECTIVE INVESTMENT VEHICLE (Pages 19 - 24)

Recommendation I: Pension Fund Committee
(29 July 2014)

13. APPROVAL OF AN UPDATED SET OF FINANCIAL REGULATIONS (Pages 25 - 174)

Report of the Director of Finance and Assurance

14. REVISION OF THE CONTRACT PROCEDURE RULES (Pages 175 - 210)

Report of the Interim Head of Paid Service

15. LOAN TO HB PUBLIC LAW LTD (Pages 211 - 216)

Report of the Director of Finance and Assurance

16. ADDITION TO CAPITAL PROGRAMME OF EXPENDITURE FUNDED BY GRANT RECEIVED BY THE COUNCIL TO DELIVER INSULATION WORKS IN PRIVATE HOMES UNDER THE TERMS OF THE GREEN DEAL COMMUNITIES FUND (Pages 217 - 236)

Report of the Corporate Director of Community Health and Well Being

17. COMMUNITY SAFETY PLAN (Pages 237 - 240)

Recommendation I: Cabinet
(18 September 2014)

18. HARROW YOUTH OFFENDING PARTNERSHIP YOUTH JUSTICE PLAN 2014-15 (Pages 241 - 250)

Recommendation I: Overview and Scrutiny Committee
(16 September 2014)

Recommendation II: Cabinet
(18 September 2014)

19. RECOMMENDED CONSTITUTIONAL CHANGES (Pages 251 - 284)

Report of the Director of Legal and Governance Services

20. QUESTIONS WITH NOTICE *

A period of up to 15 minutes is allowed for asking written questions by Members of Council of a member of the Executive or the Chairman of any Committee:-

- (i) of which notice has been received at least two clear working days prior to the day of this Meeting; or
- (ii) which relate to urgent matters, and the consent of the Executive Member or Committee Chairman to whom the question is to be put has been obtained and the content has been advised to the Director of Legal and Governance Services by 12 noon on the day of the Council Meeting.

Any such questions received will be tabled.

21. MOTIONS

The following Motions have been notified in accordance with the requirements of Council Procedure Rule 14, to be moved and seconded by the Members indicated:

(1) Northwick Park Motion

To be moved by Councillor Anne Whitehead and seconded by Councillor Nitin Parekh.

“This council notes:

- Northwick Park’s A & E department has been put under

pressure with the closure of Central Middlesex and Hammersmith A & E's, and it has been reported that Northwick Park Hospital was short of 100 beds.

- Northwick Park Hospital provides vital support for the local community and serves our residents across Harrow.
- This is a time of change and opportunity for healthcare in North West London with the recent announcement that Ealing and Harrow NHS trusts have merged to become London North West Healthcare NHS Trust.
- Harrow's CCG funding allocation is disproportionately low compared to other CCG's in London. Moreover, Harrow CCG is expected to have a programme of cost reductions at comparable levels to CCGs in surplus which further exacerbates these financial inequalities.
- Harrow faces serious health challenges in the near future with winter coming and rates of diabetes in the Borough far exceeding that of the national average.
- The Conservative Government reforms to the NHS have been damaging to the local health service, and led to an increase of waiting times at Northwick Park Hospital.
- The weekday closure of the hugely popular Alexandra Avenue polyclinic is a further major cause of the big rise in A and E admissions.

This council believes:

- That the closures of Hammersmith and Central Middlesex A & E departments have directly led to the current pressures on Northwick Park services.
- Harrow's CCG should receive fair funding relative to other CCGs in London.
- Northwick Park is a valuable resource to Harrow and should be protected and supported whenever possible.
- Members will take every opportunity to promote fairer funding for Harrow CCG.

This council resolves:

- To campaign for more CCG funding for Harrow in NHS England's 'Fundamental Review' of CCG allocations.
- That the Head of Paid Service write to Government

ministers and NHS England, articulating the disproportionately low funding of Harrows' CCG, and demanding a fairer settlement.

- That the Head of Paid Service write to local MPs and Assembly Members to support Northwick Park Hospital in its role as a community asset and in light of its importance to local residents.
- That we will do all we can to support Northwick Park, as its role as a valuable community asset and in light of its importance to local residents.”

(2) **Fairer Grants Motion**

To be moved by Councillor Sachin Shah and seconded by Councillor Kiran Ramchandani.

“This council notes:

- That Harrow Council has to make savings of £75m over the next four years due to cuts being imposed by Conservative Government. This is the equivalent of £850 per household in the Borough.
- Relative to neighbouring Boroughs in North West London Harrow receives a disproportionately small grant; we receive £1,608 per resident whereas neighbouring Brent gets £3,317 - if we got the same as Brent we would be £420m per year better off. We also receive four fifths of the funding allocated to Hillingdon.
- Despite these cuts coming from a Conservative government the opposition has made no attempt to use their influence within their own government to speak up for Harrow, and protect our residents from these cuts.

This council believes

- The unprecedented scale of the £75m of cuts will put enormous pressures on our services and could mean we are unable to fulfil our statutory duties.
- Harrow Council should receive a fair funding from the Conservative Government.
- The Local Conservatives are irresponsible in their failure to lobby their own ministers to get a fairer deal for Harrow.
- The Local Conservatives criticism of the options laid out in the 'Take Part budget' consultation is completely hollow without an admission that is their Conservative

government's failure to properly support Harrow Council, in addition to the £75m of cuts being imposed on Harrow, that is leading to these cuts.

This council resolves

- Harrow Council condemns the £75m of cuts imposed by the Conservative Government on Harrow Council and our residents.
- To campaign for a fairer funding grant for Harrow Council from Central government.
- Harrow Council will continue to be open and honest about the scale of the cuts and the damage they could do to our local communities.”

(3) Councils against Tax Dodging Motion

To be moved by Councillor Jeff Anderson and seconded by Councillor Adam Swersky.

“The council notes:

- It has been estimated that the UK Treasury loses as much as £12 billion to tax dodging by multinational companies every year. Developing countries lose
 - three times more to tax dodging than they receive in aid each year – enough to give a basic education to the 57 million children currently missing out.
- The UK has a particular responsibility to end tax dodging, as it is responsible for 1 in 5 of the world's tax havens in the British Overseas Territories and Crown Dependencies.
- The use of tax havens by UK companies is rife, with 98 of the FTSE 100 companies routinely using tax havens.
- Large multinational companies pay as little as 5% in corporate taxes globally, while smaller businesses pay up to 30%.

This council believes:

- As a local authority we have a duty to provide the best possible public services.
- Our ability to provide quality local services would be significantly enhanced by the increased revenues from the government tackling tax dodging.

- All who benefit from public spending should contribute their fair share.
- The UK must take a lead role in creating a fairer tax system and combating tax dodging.

This council resolves:

- To support the campaign for tax justice, supporting the motion:

“While many ordinary people face falling household income and rising costs of living, some multinational companies are avoiding billions of pounds of tax from a tax system that fails to make them pay their fair share. Local governments in developing countries and the UK alike would benefit from a fairer tax system where multinational companies pay their fair share, enabling authorities around the world to provide quality public services. The UK government must listen to the strength of public feeling and act to end the injustice of tax dodging by large multinational companies, in developing countries and the UK.”

22. DECISIONS TAKEN UNDER THE URGENCY PROCEDURE - COUNCIL (Pages 285 - 288)

Report of the Director of Legal and Governance Services

23. DECISIONS TAKEN UNDER THE URGENCY PROCEDURE BY PORTFOLIO HOLDERS, LEADER AND DEPUTY LEADER, AND THE USE OF SPECIAL PROCEDURE (Pages 289 - 294)

Report of the Director of Legal and Governance Services

*** Data Protection Act Notice**

The Council will audio record items 6 and 20 (Questions with Notice) and will place the audio recording on the Council’s website, which will be accessible to all.

[**Note:** The questions and answers will not be reproduced in the minutes.]

**COUNCIL
13 NOVEMBER 2014**

**EXTRAORDINARY AND ORDINARY
COUNCIL MINUTES**

24 JULY 2014

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COUNCIL (EXTRAORDINARY)

MINUTES

24 JULY 2014

- Present:**
- * Councillor Ajay Maru (The Worshipful the Mayor)
 - * Councillor Krishna Suresh (The Deputy Mayor)
- Councillors:**
- | | |
|--|--|
| <ul style="list-style-type: none"> * Ghazanfar Ali * Richard Almond † Mrs Chika Amadi * Jeff Anderson * Sue Anderson * Marilyn Ashton * Mrs Camilla Bath * June Baxter * Christine Bednell * James Bond * Michael Borio * Simon Brown * Kam Chana * Ramji Chauhan * Bob Currie * Niraj Dattani * Margaret Davine † Jo Dooley * Keith Ferry * Ms Pamela Fitzpatrick * Stephen Greek * Mitzi Green * Susan Hall * Glen Hearnden * Graham Henson * John Hinkley * Ameet Jogia * Manjibhai Kara * Barry Kendler * Jean Lammiman * Barry Macleod-Cullinane | <ul style="list-style-type: none"> * Kairul Kareema Marikar * Jerry Miles * Mrs Vina Mithani * Amir Moshenson * Chris Mote * Janet Mote * Christopher Noyce † Phillip O'Dell † Paul Osborn * Nitin Parekh * Ms Mina Parmar * Varsha Parmar * Primesh Patel * Pritesh Patel * David Perry * Kantilal Rabadia * Kiran Ramchandani * Mrs Christine Robson * Lynda Seymour * Aneka Shah * Mrs Rekha Shah * Sachin Shah * Norman Stevenson * Sasi Suresh * Adam Swersky * Bharat Thakker * Antonio Weiss * Georgia Weston * Anne Whitehead * Stephen Wright |
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- * Denotes Member present
- † Denotes apologies received

PRAYERS

The meeting opened with Prayers offered by Sri Srutidharma Das.

17. DECLARATIONS OF INTEREST

RESOLVED: To note that there were no declarations of interests made by Members.

18. PRESENTATION CEREMONY - HONORARY ALDERMAN RICHARD DAVID ROMAIN

The meeting was held for the purposes of conducting the presentation ceremony for Honorary Alderman Richard Romain, who was conferred with the title of Honorary Alderman at its Extraordinary meeting on 12 June 2014.

Honorary Alderman Romain was robed by the mace-bearer and presented with his medallion of office and scroll of appreciation by the Worshipful The Mayor.

Honorary Alderman Romain then signed the Roll of Honorary Alderman which was witnessed by the Worshipful The Mayor, the Leader of the Council and Interim Head of Paid Service.

Members of Council spoke to congratulate Honorary Alderman Romain and he returned thanks.

(CLOSE OF MEETING: All business having been completed, the Mayor declared the meeting closed at 8.31 pm).

COUNCIL MINUTES

24 JULY 2014

- Present:**
- * Councillor Ajay Maru (The Worshipful the Mayor)
 - * Councillor Krishna Suresh (The Deputy Mayor)
- Councillors:**
- | | |
|--|--|
| <ul style="list-style-type: none"> * Ghazanfar Ali * Richard Almond † Mrs Chika Amadi * Jeff Anderson * Sue Anderson * Marilyn Ashton * Mrs Camilla Bath * June Baxter * Christine Bednell * James Bond * Michael Borio * Simon Brown * Kam Chana * Ramji Chauhan * Bob Currie * Niraj Dattani * Margaret Davine † Jo Dooley * Keith Ferry * Ms Pamela Fitzpatrick * Stephen Greek * Mitzi Green * Susan Hall * Glen Hearnden * Graham Henson * John Hinkley * Ameet Jogia * Manjibhai Kara * Barry Kendler * Jean Lammiman * Barry Macleod-Cullinane | <ul style="list-style-type: none"> * Kairul Kareema Marikar * Jerry Miles * Mrs Vina Mithani * Amir Moshenson * Chris Mote * Janet Mote * Christopher Noyce † Phillip O'Dell † Paul Osborn * Nitin Parekh * Ms Mina Parmar * Varsha Parmar * Primesh Patel * Pritesh Patel * David Perry * Kantilal Rabadia * Kiran Ramchandani * Mrs Christine Robson * Lynda Seymour * Aneka Shah * Mrs Rekha Shah * Sachin Shah * Norman Stevenson * Sasi Suresh * Adam Swersky * Bharat Thakker * Antonio Weiss * Georgia Weston * Anne Whitehead * Stephen Wright |
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- * Denotes Member present
- † Denotes apologies received

PRAYERS

The meeting opened with Prayers offered by Sri Srutidharma Das.

19. COUNCIL MINUTES

RESOLVED: That the minutes of the ordinary meeting held on 27 February 2014, the extraordinary meetings held on 1 May 2014 and 12 June 2014 and the annual meeting held on 12 June 2014, be taken as read and signed as correct records.

20. DECLARATIONS OF INTEREST

The Mayor invited appropriate declarations of interest.

Item 7 – Petition – Carpenter's Park Cemetery

Councillor Richard Almond declared a non-pecuniary interest in that he was a member of a Catholic Church.

Item 13 – Questions with Notice

Councillors James Bond and Georgia Weston declared non-pecuniary interests in that they were members of the Friends of Pinner Park Farm.

21. MAYOR'S ANNOUNCEMENTS

RESOLVED: That the report of the Worshipful the Mayor, as tabled, be noted.

22. PROCEDURAL MOTIONS

There were no procedural motions agreed by Council.

23. PETITIONS

In accordance with Rule 10, the following petition was presented:

- (i) Petition submitted by Councillor Janet Mote containing 165 signatures of residents stating "No to North Harrow Area Parking Review. We the undersigned oppose the current proposal to introduce a Controlled Parking Zone on the County roads".

[The petition stood referred to the Portfolio Holder for Environment, Crime and Community Safety].

24. PUBLIC QUESTIONS

To note that one question from a member of the public had been received and responded to, and the recording of this question and answer given had been placed on the Council's website.

25. PETITION - CARPENDER'S PARK CEMETARY

RESOLVED: That it be noted that further action would be taken by the Leader of the Council and the Portfolio Holder for Environment, Crime and Community Safety, in relation to the petition.

26. LEADER AND PORTFOLIO HOLDERS' ANNOUNCEMENTS

- (i) The Leader of the Council, Councillor David Perry, introduced the item highlighting the achievements, challenges and proposals since the last ordinary meeting;
- (ii) Other Members of the Council spoke and/ or asked questions of the Leader of the Council which were duly responded to.

27. CABINET MEMBERSHIPS

RESOLVED: That

- (i) it be noted that Councillor Keith Ferry was the Deputy Leader of the Council;
- (ii) the Councillors appointed to the Cabinet (Executive) with the identified portfolios and assigned delegations, as set out in Appendix A to the report, be noted.

28. CORPORATE PLAN 2014-15

RESOLVED: That

- (i) the comments of the Overview and Scrutiny Committee from its meeting held on 23 July 2014 be noted;
- (ii) the Corporate Plan 2014-15 be agreed and adopted.

29. REVISED TERMS OF REFERENCE FOR THE EMPLOYEES CONSULTATIVE FORUM (ECF) AND EMPLOYEES CONSULTATIVE FORUM SUB-GROUP

RESOLVED: That the proposed changes to the terms of reference for the Employees Consultative Forum and the terms of reference for the Employees Consultative Forum Sub-Group be agreed.

30. APPOINTMENT OF REPRESENTATIVES TO OUTSIDE BODY

RESOLVED: That

- (i) Councillors Sue Anderson, Camilla Bath and Keith Ferry be appointed as representatives to the Greater Stanmore Country Park Management Committee for the remainder of the Municipal Year 2014/15;**
- (ii) Councillor Lynda Seymour replace Councillor Susan Hall as a representative on the Harrow Association of Disabled People.**

31. QUESTIONS WITH NOTICE

Councillor questions as were received were responded to and any recording placed on the Council's website. Those questions not reached would be responded to in writing and placed on the Council's website.

32. MOTIONS

There were no Motions.

33. DECISIONS TAKEN UNDER URGENCY PROCEDURE BY PORTFOLIO HOLDERS, LEADER AND DEPUTY LEADER AND USE OF SPECIAL URGENCY PROCEDURE

RESOLVED: That the report be noted.

(CLOSE OF MEETING: All business having been completed, the Mayor declared the meeting closed at 9.55 pm).

COUNCIL
13 NOVEMBER 2014

**PENSION BOARD – DRAFT TERMS OF
REFERENCE**

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REPORT FOR: **COUNCIL**

Date of Meeting:	13 November 2014
Subject:	Pension Board – Draft Terms of Reference
Responsible Officer:	Simon George, Director of Finance and Assurance
Exempt:	No
Wards affected:	All
Enclosures:	Pension Board – Draft Terms of Reference

Section 1 – Summary and Recommendations

This report sets out draft Terms of Reference for the Pension Board which must be established by 1 April 2015.

Recommendations:

Council is asked to:

- agree to the terms of reference
- delegate authority to the Director of Finance and Assurance in consultation with the Portfolio Holder for Finance and Major Contracts to make any changes to the terms of reference required following the latest DCLG consultation
- delegate to the Director of Legal and Governance Services in consultation with the Portfolio Holder for Finance and Major Contracts to make any consequential amendments to the Constitution if changes are made to the terms of reference as a result of the DCLG's current consultation exercise

Section 2 – Report

Background

1. Under the Public Service Pensions Act 2013 the Council is required to set up a Pension Board with responsibility for assisting it in relation to the following:
 - securing compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS;
 - securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
 - such other matters as the LGPS regulations may specify.
2. A key aim of the reform is to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests in that process.
3. Draft regulations on the establishment of the Pension Board were issued by the Department for Communities and Local Government (DCLG) with a consultation deadline of 15 August. On 10 October, DCLG issued a second consultation document, the closing date for which is 21 November 2014. This includes consultation on the right of elected Councillors to be members of the Pension Board, providing that they are not members of the Pension Fund Committee.
4. It is still unclear whether the Pension Board will be a committee of the Council under section 101 Local Government Act 1972 or not.
5. The attached terms of reference have taken into account the proposals within both the consultation documents. However, there is a strong possibility that the final regulations and the requirements of the Pensions Regulator will necessitate changes.
6. The Public Services Pension Act 2013 requires that the Board comprises an equal number of employer and member representatives. It is proposed that these be drawn from the local authority and the scheduled and admitted bodies on the employer side and from active and retired members on the member side.
7. Given the current requirement for the Pension Board to become operational by 1 April 2015 and the potential lengthy appointment process to the Board, Council is asked to approve the terms of reference and to make appropriate delegations to officers.
8. Council is asked to delegate authority to the Director of Finance and Assurance in consultation with the Portfolio Holder for Finance and Major Contracts to amend the terms of reference in light of any changes made to the statutory regulations as a result of the second consultation.

9. Council is also asked to delegate authority to the Director of Legal and Governance Services in consultation with the Portfolio Holder for Finance and Major Contracts to make any consequential amendments to the constitution, if required.

Financial Implications

10. The additional direct costs arising from the establishment of the Pension Board are unlikely to exceed £10,000 pa and will be met from the Pension Fund.

Risk Management Implications

11. Risk in connection with the Pension Fund is included on Directorate risk register.
12. There is no separate risk register in place but risks are extensively discussed in the Pension Fund Statement of Investment Principles and Annual Report

Legal Implications

13. Section 5 Public Services Pension Act 2013 requires the local authority to establish a pension board to assist the Administering Authority ie the Council as set out in paragraph 1 of this report.

Equalities Implications

14. Was an Equality Impact Assessment carried out? No
15. The report concerns the establishment of the Pension Board and any person with the relevant qualifications can seek to be a member. Therefore there is no potential impact on the Protected Characteristics.

Council Priorities

16. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn affects the resources available for the Council's priorities there are no impacts arising directly from this report.

Section 3 - Statutory Officer Clearance

Name: Simon George Date: 3 November 2014	Director of Finance and Assurance
Name: Linda Cohen Date: 3 November 2014	on behalf of the Monitoring Officer

Ward Councillors notified:	NO
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Section 4 - Contact Details and Background Papers

Contact: Ian Talbot, Treasury and Pension Fund Manager,
0208 424 1450.

LONDON BOROUGH OF HARROW PENSION FUND

PENSION BOARD

DRAFT TERMS OF REFERENCE

1) Introduction

The purpose of this document is to set out the Terms of Reference for the Pension Board (the Board) of the London Borough Harrow Pension Fund (the Fund).

2) Responsibility of the Board

The responsibility of the Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013, is to assist the Administering Authority (London Borough of Harrow) as Scheme Manager in ensuring the effective and efficient governance and administration of LGPS including:

- securing compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS;
- securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
- such other matters the LGPS regulations may specify.

The Administering Authority retains ultimate responsibility for the administration and governance of the scheme. The role of the Board is to support the Administering Authority to fulfil that responsibility and secure compliance with any requirements imposed by the Pensions Regulator.

In its role, The Board will have oversight of the administration of the fund including:

- a) The effectiveness of the decision making process
- b) The direction of the Fund and its overall objectives
- c) The level of transparency in the conduct of the Fund's activities
- d) The administration of benefits and contributions

3) Membership

The Board shall consist of 5 voting members and be constituted as follows:

- (i) 2 Employer representatives – Administering Authority (1), other scheduled and admitted bodies [ie organisations other than the Administering Authority who, under the regulations, can participate in the LGPS] (1);
- (ii) 2 Scheme Member representatives – active members (1), pensioners (1); and
- (iii) 1 independent member

Each member of the Board will serve or a period of three years. subject to compliance with conditions of appointment.

The Chair of the Board will be elected by the Board at its first meeting and will serve for a period of three years.

The Board may, with the approval of the Administering Authority, co-opt persons to advice and support them. Co-optees are not Board members and do not have voting rights..

4) Appointment of Board members

All Board members will be appointed by Full Council. It is a statutory requirement that the Administering Authority must be satisfied that a person to be appointed as an employer or scheme member representative has the relevant experience and capacity to represent employers or scheme members (as appropriate)

- Administering Authority to nominate one Employer representative
 - The second Employer representative to be nominated by the scheduled and admitted bodies. If more than one is nominated, Council will determine who is to be appointed.
- (i) Scheme member representatives to be selected through a process administered by the Administering Authority with a recommendation to Council
 - (ii) Independent member – applications to be invited by public advertisement with a recommendation by the s151 Officer to Council.

4) Meetings

The Board shall meet twice a year.

An extraordinary meeting will be called when the Chair considers this necessary and/or in circumstances where the Chair receives a request in writing by 50% of the voting membership of the Board

5) Quorum

A quorum will comprise 3 of the 5 members of which at least one shall be an Employer representative and one a scheme member representative.

6) Decision making

Each member of the Board will have an individual voting right but it is expected that the Board will, as far as possible, reach a consensus. The Chair of the Board will have the final deciding vote which will be reported to the Administering Authority.

7) Standards of conduct and conflicts of interest

All members of the Board are expected to act in accordance with the Code of Conduct for Councillors where applicable. In accordance with s5(5) Public Service Pension Act 2013, a Board member must not have a financial or other interest that could prejudice them in carrying out their Board duties. This does not include a financial or other interest arising merely by virtue of member of the LGPS.

8) Knowledge and Skills

Following appointment each member of the Board should be conversant with:

- The legislation and associated guidance of the LGPS
- Any document recording policy about the administration of the LGPS which is for the time being adopted by the Fund

The Administering Authority will provide a training programme which all Board members will be required to attend.

9) Accountability

The Board will refer all relevant recommendations and decisions to the Pension Fund Committee of the Administering Authority and, where appropriate to Full Council. It will present a report on its work to the Full Council once a year.

10) Publication of Pension Board Information

The Administering Authority will publish up to date information on the Council's website including:

- The names of the Board member
- The Board's terms of reference
- Papers, agendas and minutes of Board meetings.

11) Expense Reimbursement

Each member of the Board and any co-opted persons, excluding elected Councillors of the London Borough of Harrow and Council Officers will be reimbursed at a rate of £445 per annum (exclusive of VAT if payable) . All members of the Board and any co-opted persons will be paid “out-of-pocket” expenses when carrying out the functions of the Board including approved training.

COUNCIL
13 NOVEMBER 2014

PENSION FUND COMMITTEE
RECOMMENDATION
(29 JULY 2014)

RECOMMENDATION i

**LONDON PENSIONS COLLECTIVE
INVESTMENT VEHICLE**

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PENSION FUND COMMITTEE

MINUTES

29 JULY 2014

Chairman:	* Councillor Keith Ferry	
Councillors:	* Barry Macleod-Cullinane	* Bharat Thakker
	* Adam Swersky	
Co-optee (Non-voting):	* Howard Bluston	Steve Compton
		† Pamela Belgrave
Adviser (Non-voting):	* Colin Robertson	* Honorary Alderman Richard Romain

[Note: Mr Colin Cartwright of Aon Hewitt attended in an advisory role, as the Council's Adviser.]

- * Denotes Member present
- † Denotes apologies received

RECOMMENDED ITEMS

6. London Pensions Collective Investment Vehicle

Further to the last meeting, at which it was resolved to defer a decision as to whether to join the Collective Investment Vehicle (CIV), the committee received a report of the Director of Finance and Assurance which set out the latest developments on the establishment of the CIV.

Members discussed the structure and governance of the CIV and views were expressed regarding whether:

- the London Council's Leaders Committee had sufficient in depth training on, and knowledge of, pensions management administration;

- there was sufficient information to confirm that the CIV would be autonomous;
- Authorities could be joining due to the belief that the Government would otherwise require pension funds to invest in certain schemes;
- other London Boroughs were joining without compulsion, could withdraw at a later date. The scheme had the benefit of the scale of economies together with enormous benefits for ratepayers by way of a reduction in contributions.

It was noted that:

- the governance structure enabled the Chairman of the Pension Fund Committee to represent Harrow Council on the committee that would decide on the ACS operator and investment managers;
- there would be no loss of sovereignty as membership would enable participation without having to invest;
- if Harrow Council did not become a shareholder there would be less ability to contribute to development of the CIV;
- whilst the representatives of the subscribing Councils would take the lead, Harrow Council would have the ability to invite fund managers to Harrow and to invest with the asset managers of its choice.

The Committee was advised that:

- consideration should be given to the benefits of passive or active management. There needed to be a clear mandate, discussion on the number of managers and how specialist the mandate should be;
- in order to obtain FCA regulation a formally constituted oversight committee was required. The committee would procure management services, receive set up costs, with one representative from each signed up Borough involved in decision-making. The Council would not obtain a seat on the joint committee table if it was not involved in the set up;
- at the NAPF Local Government Conference it was made clear that there would be no coercion to join or penalties;
- the Leader of the Council had attended the London Councils meeting held on 15 July.

Members supported involvement in the meetings at member and officer level to ascertain the governance arrangements with a further report to the November meeting.

Resolved to RECOMMEND: (to Council)

That the Council:

- (1) becomes a shareholder in a private company limited by shares which will be incorporated to be the Authorised Contractual Scheme Operator (the “ACS Operator”) of the Collective Investment Vehicle;
- (2) contribute £1 to the ACS Operator as initial capital;
- (3) delegate to the Chairman of the Pension Fund Committee authority to act for the Council in exercising its rights as a shareholder of the ACS Operator and to authorise the Vice Chairman of the Pension Fund Committee to act in his absence and;
- (4) agree to join the London Boroughs’ “Pensions CIV Joint Committee” to be formed under Section 102 of the Local Government Act 1972 and to delegate to such Joint Committee those functions necessary for the proper functioning of the ACS Operator, including the effective oversight of the ACS Operator and the appointment of Directors.

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COUNCIL
13 NOVEMBER 2014

**APPROVAL OF AN UPDATED SET OF
FINANCIAL REGULATIONS**

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REPORT FOR: **COUNCIL**

Date of Meeting:	13 November 2014
Subject:	Approval of an updated set of Financial Regulations
Responsible Officer:	Simon George, Director of Finance and Assurance
Exempt:	No
Wards affected:	All
Enclosures:	Appendix 1 – Current Financial Procedure Rules (as approved by Council in May 2013) Appendix 2 – Proposed updated Financial Regulations (As at October 2014) Appendix 3 – Equalities Impact Assessment

Section 1 – Summary and Recommendations

This report sets out the proposed updated Financial Regulations for the Council.

Reason:

It is a duty of the Chief Financial Officer (CFO) to maintain an up to date set of Financial Regulations. The current Financial Procedure Rules were agreed by Council on 23 May 2013 and require updating to ensure that the Council has effective governance arrangements in place.

Recommendations:

- 1) Council is recommended to agree the revised Financial Regulations, as detailed at Appendix 2, in place of the existing Financial Procedure rules in the Constitution.
- 2) Council is recommended to amend the Constitution to allow for Cabinet to make additions to the Capital Programme as outlined in paragraph 4.8.

Section 2 – Report

1.0 Background

- 1.1 It is a duty of the Chief Financial Officer to maintain an up to date set of Financial Procedure Rules to ensure that the Council has effective financial governance arrangements. A full refresh of the Financial Regulations was undertaken in 2012/13 and approved by Council in May 2013.

2.0 Reasons for the 2014/15 Update

- 2.1 As a full re-refresh of the Financial Regulations was undertaken in 2012/13 the current update is intended to address a limited number of specific issues as detailed below:
- To correct drafting issues
 - To move away from referencing job titles to referring to statutory titles and pay grades to reduce the number of refreshes required as job titles change and re-structures take place
 - To update the Scheme of Delegation where appropriate and ensure consistency with the newly refreshed Contract Procedure Rules.

3.0 Process for the 2014/15 Update

- 3.1 A small working group of key stakeholders was established to review the Financial Regulations. The stakeholder group included Internal Audit, Corporate and Technical Finance, Procurement and Legal. The updated

Financial Regulations have been reviewed by the Portfolio Holder for Finance and Major Contacts, Corporate Strategic Board, the Council's Operations Board and individual management teams. The Financial Regulations were taken to the Constitution Review Working Group on 29 October.

4.0 Key Changes from April 2013

- 4.1 The current Financial Procedure Rules, agreed by Council in 2013, are attached in Appendix 1. Please refer to Appendix 2 for the proposed updated Financial Regulations. The key changes from the current version are detailed below:

Replacement of Job Titles

- 4.2 Throughout the document job titles have been replaced with statutory titles and/or pay grades to minimise the need for future amendments.

Carry Forward Arrangements

- 4.3 A year end balance is the amount by which actual income and expenditure varies from the final budget. Unspent balances are not carried forward, except with the permission of the Chief Financial Officer (CFO).

- 4.4 The arrangements for carry forwards have been tightened to improve financial monitoring and reporting. The current Financial Procedure Rules state a year end balance will only be considered for carry forward where:

- The Council's revenue/capital budget is not overspent in total
- Reserves and balances are at an appropriate level
- All other commitments will have to be accommodated within the new year budget.

(Appendix 1, paragraph B64)

- 4.5 The criteria in the proposed updated version are more specific and state that unspent balances will only be considered for carry forward where:

- There is an unspent ring fenced grant and grant must be repaid if it is not spent on its intended purpose.
- Funding has been allocated to a specific project and the project is not yet complete, and both the directorate and the Council in total are not overspent.
- External funding has been received for a specific project which is not yet complete

(Appendix 2, paragraph B66)

New Additions to the Capital Programme

- 4.6 Under the current Constitution there is no provision to add in year new funding to the Capital Programme without reverting back to full Council for approval.

- 4.7 This current arrangement is proving restrictive particularly where new or additional external funding has strict conditions that require the money to be spent within a defined period as occurred with the funding for the school expansion programme.

- 4.8 It is proposed that the Constitution be amended to allow for additions to the capital programme, which meet clearly defined criteria, to be approved by Cabinet up to and including a value of £500,000. To reflect this recommendation the following section has been added into the proposed updated Financial Regulations:

Additions in year to the Capital Programme

- Up to £500,000 additional capital spending can be approved by Cabinet on specific projects where
 - The expenditure is wholly covered by additional external sources; and
 - The expenditure is in accordance with at least one of the priorities listed in the capital programme
 - There are no significant full year revenue budget effects.
 - The additional capital spending agreed by Cabinet in one financial year cannot exceed £2.5million
- (Appendix 2, paragraph B48)

Scheme of Approval and Delegation for Financial Transactions

- 4.9 Section F of the Financial Regulations covers the scheme of delegation which shows the levels of authority and delegations for financial transactions within the Council. The changes that have been made in the proposed updated Financial Regulations are detailed below:

- Approval of Orders (on SAP) – these have remained as agreed in May 2013 with the exception that the CFO will now also have to approve all payments over £1m in addition to the Head of Paid Service, Corporate Directors and Monitoring Officer
- Approval of unsupported payments on SAP – these have been increased across all grades to mirror those for SAP approvals as detailed above
- Award of Contract value – these limits are now consistent with the Contract Procedure Rules and have been increased from £100,000 limit for the Corporate Directors to £250,000 and from £100,000 limit for the CFO to £499,999. No officers can be given a limit that exceeds £499,999 due to the Council's key decision limit of £500,000
- Petty cash payment limits have been reduced and capped at £250 to reduce the use of petty cash around the organisation
- Virements – approval levels have been increased from Director level and above to within the key decision limit.
- Pension Fund– Lump Sum Payments and Fund Transfers. This has been included for completeness and reflects the current management arrangements.
- Authorisation of BACS payroll payments – This has been included for completeness and reflects the current management arrangements.
- Procurement of Social Care Spot Placements – this has been included for consistency with the revised contract procurement rules.
- Approval to commence projects in the approved capital programme – it is proposed that the limits are increased to reflect the typical size of projects in the programme.
- Severance and Ex Gratia payments – Severance has been added for completeness and to reflect current arrangements but with the

addition of approval by the portfolio holder for finance in respect of £50,000 to £100,000. The portfolio holder for finance has also been added for approvals of ex gratia payments between £50,000 and £100,000.

- HR Related Activities – this section has been added for completeness and reflects current arrangements.
(Appendix 2, Section F)

5.0 Constitution Review Working Group

- 5.1 The proposed updated Financial Regulations were taken to the Constitution Review Working Group (CRWG) on 29 October. The comments from CRWG and the resulting proposals to address the issues raised are detailed below:

Carried Forward Balances (ref. Appendix 2, B66)

Concerns were expressed that tightening the carry forward criteria may encourage budget holders to spend their budget at year end on non essential items for the sole purpose of using their budget. As these concerns are more related to organisational culture and behaviours, actions to address them will be considered as part of the roll out of the Financial Regulations which is planned for December to February.

Proposed Amendments to the process for in year additions to the Capital Programme (ref Appendix 2, B48)

The updated Financial Regulations propose to allow in year additions to the capital programme, that meet certain criteria, up to a value of £500,000 to be approved by Cabinet. The view from the CRWG was that this limit was on the low side and consideration should be given to increasing it. To enable appropriate legal consideration to a further increase, it is proposed that the level of £500,000 is implemented on a pilot basis and officers will report back to the CRWG with an informed briefing on the scope for further increase.

Approval required to commence schemes in the approved capital programme (Ref Appendix 2, Section F, table 5)

For approvals to commence capital works between the value of £1m to £5m, concerns were expressed that the delegation was to CFO, Leader of the Council and PH with responsibility for Finance. A Member suggestion was made to maintain the control but perhaps review the limits and change the delegation to Leader or Portfolio Holder but not both. This concern is recognised and can be further considered by the Overview and Sub Committee as part of their review of capital expenditure.

6.0 Legal Implications

- 6.1 The Council is required by the Local Government Act 2000 to prepare and keep under review a written Constitution. The Government's model constitution includes financial and contract regulations.

6.2 The Government and External Audit recommend that Council's should keep their Constitutions under regular review to ensure the provisions reflect current law and practice.

7.0 Financial Implications

7.1 Revising the Financial Regulations will have no direct financial cost implications for the authority. However, the Financial Regulations are integral to ensuring the proper administration of the Council's financial affairs.

8.0 Performance Issues

8.1 There are no relevant performance measures but the Financial Regulations are designed to further improve the Council's management of resources and underpin the financial performance of the Council through good financial management practices and policies.

9.0 Environmental Impact

9.1 There is no direct environmental impact, although the procedure rules do recognise the requirement to dispose of assets safely (C82 and C87) and environmental issues are considered when disposing of items.

10.0 Risk Management implications

Risk included on Directorate risk register?	No
Separate risk register in place?	No

10.1 The Financial Procedure Rules contain clear guidance on risk management which is ultimately the responsibility of the Head of Paid Service (C27), though it must be integrated into service management (C28).

11.0 Equalities implications

11.1 An initial Equalities Impact Assessment (EQIA) has been completed for the refresh of the Contract Procedures Rules and the Financial Regulations. No potential disproportionate impact has been identified on any of the protected characteristics. Please refer to Appendix 3 for the EQIA.

12.0 Council priorities

12.1 This report deals with the use of financial resources which is key to delivering the Council's priorities:

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

Section 3 - Statutory Officer Clearance

Name: Simon George Chief Financial Officer

Date: 04 November 2014

Name: Linda Cohen on behalf of the
Monitoring Officer

Date: 04 November 2014

Ward Councillors notified: No

Section 4 - Contact Details

Dawn Calvert, Head of Strategic Finance and Business
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Background Papers: Proposed updated Financial Regulations (as at October 2014) - TRACK CHANGED version

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Appendix One – Revised Financial Procedure Rules, 11 April 2013

1. Purpose

- 1.1 The purpose of this document is to set out the Financial Procedure Rules of the Council having due regard to the overall regulatory framework of the Local Authorities, as well as to Harrow's own approach to financial management.
- 1.2 To conduct its business effectively, the Authority needs to have sound financial management policies in place that are strictly adhered to. Part of this process is to adopt and implement Financial Procedure Rules. The Regulations contained herein have been drawn up to ensure the financial matters of the Authority are conducted properly, reflect the application of best practice and the requirements of legislation. These include but are not restricted to:
- a. S151 Local Government Act, 1972;
 - b. S113 Local Government Finance Act, 1988;
 - c. S114 and S114 (7) Local Government Finance Act, 1988;
 - d. Local Government Act, 2003 (England and Wales);
 - e. Proceeds of Crime Act, 2002, as amended by the Serious Organised Crime and Police Act 2005 (POCA);
 - f. Accounts and Audit (England) Regulations, 2011 – DCLG;
 - g. Approved Accounting Standards – International Accounting Standards Board
 - h. Code of Practice on Local Authority Accounting – CIPFA;
 - i. Code of Practice on Internal Audit – CIPFA;
 - j. Public Sector Internal Audit Standards – CIPA and IIA;
 - k. Code of Recommended Practice for Local Authorities on Data Transparency – CLG;
 - l. Money Laundering Regulations, 2007;
 - m. Prudential Code for Capital Finance in Local Authorities – CIPFA ;
 - n. Service Reporting Code of Practice – CIPFA;
 - o. Statement on the Role of the Chief Financial Officer – CIPFA;
 - p. Standing Guide to Commissioning Local Authority Work and Services – CJC;
 - q. Statement on the Role of the Finance Director in Local Government – CIPFA (2010);
 - r. Treasury Management in the Public Sector Code of Practice – CIPFA
- 1.3 They also seek to reinforce the standards of conduct in public life required by the Authority of its members and officers, and in particular the need for openness, accountability and integrity.

2. Status

2.1 Financial Procedure Rules provide the framework for managing the authority's financial affairs and form part of the Authority's constitution. They apply to every Member and officer of the authority. The Financial Procedure Rules should not be seen in isolation, but rather as part of the overall regulatory framework of the Authority that includes the role of committees, codes of conduct for members and officers, schemes of delegation and standing orders for tenders and contracts, as well as detailed procedure guides. The role of the Chief Finance Officer is defined in detail in the Council's Constitution.

2.2 Compliance with Financial Procedure Rules is mandatory. Breaches of Financial Procedure Rules of a serious nature may result in disciplinary proceedings. Breaches shall be reported in the first instance to the CFO who will decide what further action needs to be taken, in consultation with the Monitoring Officer

4. CONTENTS

Section A	Financial Management Framework	p 2
Section B	Financial Management,	p10
Section C	Corporate Governance, Risk Management & Control of Resources	p20
Section D	Financial Administration	p37
Section E	External Relationships	p49
Section F	Delegated Limits	p53
Section G	Glossary	p61

References are made throughout the individual sections to delegated limits of authority. The actual value of each limit is contained in Section F in order to avoid reviewing the whole set of Financial Procedure Rules when changes to delegated limits are requested.

Section A - Financial Management Framework

A1 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

POLICY FRAMEWORK

Roles and Responsibilities

A3 These are described in Article 4 part 3 A of the Constitution

THE STATUTORY OFFICERS

A4 The role and responsibilities of the Statutory officers are laid out in Article 12 of the constitution.

Directors:

A5 For the purpose of these regulations only, Directors includes the Chief Executive, all Corporate Directors, Directors and Divisional Directors and Heads of Maintained Schools.

A6 Directors are responsible for ensuring that executive members are advised of the financial implications of all proposals and that the financial implications have been agreed by the CFO

A7 It is the responsibility of Directors to consult with the CFO and seek approval on any matter liable to affect the authority's finances materially, before any commitments are incurred. They must also provide the CFO with the access they require to all locally held financial records and systems.

A8 Directors' responsibilities also include:

- ensuring their staff including consultants or temporary staff are aware of the existence and content of the authority's Financial Procedure Rules and other internal regulatory documents and that they comply with them;
- notifying the CFO of any situation that may create a contingent liability, potential claim or an overspend of their budget;
- signing contracts on behalf of the Council within the approved Officers' Scheme of Delegation and Contract Procedure rules;
- Complying with any Council wide spending restriction protocol determined by the CFO;
- ensure that there is an effective management hierarchy and budget management.

A9. A delegation in Financial Procedure Rules to a Chief Officer shall permit further delegation to other officers, provided that the terms of the delegation are clearly documented and authorised. Directors remain accountable for their operation.

Head of Internal Audit

A10 The Head of Internal Audit is a senior manager who heads the Internal Audit Service. They must be professionally qualified and suitably experienced. They support the delivery of the Council's strategic objectives by providing objective scrutiny and advice and

championing best practice on all aspects of governance, risk management and internal control.

Other Accountabilities

Virement

A11 The full council is responsible for agreeing procedures for virement of expenditure between budget headings.

Treatment of year-end balances

A12 The full council is responsible for agreeing procedures for carrying forward under- and overspendings on budget headings.

Accounting policies

A13 The CFO is responsible for selecting accounting policies and ensuring that they are applied consistently.

Accounting records and returns

A14 The CFO is responsible for determining the accounting procedures and records for the authority.

The annual statement of accounts

A15 The CFO is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and in accordance with statutory deadlines.

A16 The Audit Committee is responsible for approving the annual statement of accounts within the statutory deadlines.

Budget Holders

A17 Budget holders are responsible for their delivery and monitoring of their service revenue and capital budgets and achieving the level of service/performance required to be delivered within them.

Individual's responsibilities

A18 All employees involved with finance should be aware of the regulations and relevant procedures for their work area. If an officer is unclear about some aspect of these rules they should seek advice before acting from their line manager, Finance Business Partner or Head of Internal Audit or Risk Management.

A19 All members and staff 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.

Schools

A20 Delegated budgets of schools, in accordance with the Schools Standards and Framework Act 1998, remain part of the authority. The statutory responsibilities of the CFO apply to schools in the same way as any other part of the Council.

A21 Financial Regulations issued by the Council applying to maintained schools which differ from those issued to Directors must be agreed with the CFO and the relevant statutory bodies. Where there is a conflict between the Councils approved Financial Procedure Rules

and the schools statutory financial framework, such as the Schools Financial Value Standards or the Scheme for Financing Schools, the statutory frameworks shall apply.

B. Financial Management

B1 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

Policy Framework

B2 The full council is responsible for agreeing the authority's policy framework and budget, which will be proposed by the executive. In terms of financial planning, the key elements are:

- the corporate plan;
- the revenue budget; and
- the capital programme.

B3 The full council is responsible for approving the policy framework and budget. The Local Government Act 2000: Guidance to English Local Authorities includes an obligation for the adoption or approval of specified plans and strategies of the local authority. The Regulations also allow local authorities to specify additional plans or strategies (statutory or non-statutory) to be adopted or approved by the full council. The detailed policy framework can be found in Article 4 of the Constitution.

B4 All members and officers have a duty to abide by the highest standards of probity dealing with financial issues. This is facilitated by ensuring that all officers are clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

B5 Members and the CFO shall receive updates on the financial performance of the Authority by receiving regular budget monitoring and outturn reports, and also the annual External Audit management letter.

B6 The Head of Paid Service will ensure there is an effective performance management framework in place that brings together financial and non-financial information in a meaningful way to assist financial planning and management.

B7 The CFO shall ensure that all officers:

- Are aware of, and comply with, proper financial management standards, including these Financial Procedure Rules;
- Are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.

B8 Directors shall ensure that specific duties and responsibilities in financial matters are made clear to individual officers and that these are properly recorded. This includes ensuring that Financial information is made available to the CFO to enable accurate and timely monitoring and reporting of comparisons of national, regional and local financial performance indicators.

B9 All officers, but especially the statutory officers should be mindful of the 'Wednesbury' rules which emphasise the importance of ensuring that when developing policy all relevant matters are properly considered.

Financial Planning

B10 The Head of paid service will ensure that there are processes in place to develop corporate priorities, a corporate strategy and directorate service plans.

B11 The CFO will ensure that procedures are in place for an integrated financial planning process, linked to the corporate strategies and service plans.

B12 The annual Budget and MTFS, capital programme, Treasury Management Strategy and Housing Revenue Account are agreed by the Cabinet for consultation with stakeholders according to the statutory timetable. The Council must agree the final budget prior to the 31st March and in accordance with the statutory deadlines.

Medium Term financial Strategy (MTFS)

B13 The CFO shall ensure that there are sound medium to long term financial plans for both revenue and capital and that these are subject to regular review, including the continuing relevance of the underlying assumptions.

B14 The CFO shall determine the format of the Medium Term Financial Strategy to be presented to the Authority, in consultation with the Head of Paid Service. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.

B15 The CFO is responsible for issuing financial planning guidance, co-ordinating the MTFS process, ensuring that it is integrated with service planning and that there is effective consultation with members, officers and other stakeholders. He/she is ultimately responsible for ensuring that a lawful budget is approved by Council.

B16 The CFO shall ensure that roles and responsibilities in budget development, management and monitoring are clear and that there is adequate financial advice and support to officers and members.

B17 The CFO, in consultation with Directors, is responsible for providing timely advice on the available funding options for the budget for at least three years after the current financial year. This includes advice on central government funding, capping, general grant, fees and charges and other grants, options for borrowing and appropriations to and from reserves and use of provisions, based upon an interpretation of government funding assumptions and the information available at that time. This will include potential implications for local taxation.

B18 The CFO will actively seek to increase and diversify the authority's resource base, within an appropriate risk management strategy.

B19 It is unlawful for an authority to set a deficit budget. Under section 25 of the Local Government Act 2003 the CFO is responsible for advising the Cabinet and the Council on the robustness of the budget and on the adequacy of the levels of reserves.

B20 Directors are responsible for responding to the guidance, meeting deadlines, drafting integrated service and financial plans, and identifying and quantifying issues and risks which have an impact on the budget over the medium term.

B21 Directors have overall responsibility for ensuring that their proposals are robust and that they have identified all of the issues and for giving this assurance to the CFO. This will include:

- § policy requirements approved by the Authority as part of the policy framework;
- § unavoidable future commitments, including legislative requirements;
- § initiatives already underway;
- § spending patterns and pressures revealed through the budget monitoring process;
- § proposed service developments and plans which reflect public consultation;
- § the need to deliver efficiency and/ or productivity savings;
- § government grant allocations and other external income; and
- § revenue implications of the draft three year capital programme;

B22 Directors must ensure that the guidelines and associated instructions are fully cascaded through their service managers so that all budget managers understand and are involved in the budget setting process from bottom up.

B23 Given that there is likely to be a gap between available resources and required resources, Directors must ensure that spending plans are prioritised carefully.

Capital Strategy

B24 The CFO will revise annually, in consultation with Directors, the corporate Capital Strategy within the agreed timetable. The strategy will cover a minimum of four years and should show how capital investment will be prioritised to deliver the authorities objectives and priorities. The CFO will seek member approval for the Capital Strategy in line with the Scheme of Delegation.

B25 Directors will contribute to the development of the Capital Strategy within the corporate deadline and will ensure it is consistent with Directors' other plans and strategies.

Annual Revenue Budget Preparation and Approval

B26 The budget is the financial expression of the Council's plans and policies. The Council has adopted an integrated planning framework to ensure that the corporate plan and MTFs are developed in tandem.

B27 The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the virement rules operate. The general format of the Budget will be approved by the Council on the advice of the CFO. The proposed budget will include allocations to directorates at service level, proposed taxation levels, contingency funds and allocations to reserves and balances.

B28 The Executive must before 31st January each year approve the Council tax base for the following financial year. The CFO will inform precepting and levying bodies of the approved Council tax base.

B29 The CFO will determine the probable Collection Fund surplus or deficit for the year, notify precepting bodies, and report to the Executive before the 15th March.

B30 The Executive will make recommendations to the Council regarding the annual budget for the following financial year and the Council tax required to finance it, including any prudential borrowing.

B31 At a meeting on or before 10 March each year, the Council will approve the budget and any prudential borrowing proposal and set the resulting Council tax for the following financial year.

Format of the Annual Budget

B32 The format of the budget determines the level of detail to which financial control and budget management will be exercised.

B33 The CFO will:

- Advise members on the format of the budget to be proposed by the executive to be approved by full Council in accordance with statutory requirements. The draft budget should include allocations to different services and projects, proposed taxation levels and contingency funds; and
- Determine the detailed form of revenue and capital estimates and the method for their preparation. They shall be consistent with the approved budget.

B34 Directors will comply with the guidance issued by the CFO and provide the information required to produce a balanced budget, in the format and to the timescales specified.

Budget preparation

B35 The CFO is responsible for ensuring that a revenue budget is prepared on an annual basis and consistent with the MTFS, before submission to the full council.

B36 The full Council may amend the budget or ask the executive to reconsider it before approving it.

B37 The CFO is responsible for issuing guidance on the general content of the budget as soon as possible following approval by the full Council. They will ensure that:

- The Budget format will be consistent with statutory and CIPFA guidance and will be on a Total Cost basis. All expenditure budgets and revenue costs must be gross, and not reduced by any income, even where the income is in respect of a successful insurance claim or other reimbursements or abatements of expenditure;
- A Corporate Budget Book is issued at the start of each financial year at an appropriate level of detail; and
- The revenue budget will be presented and approved at service level by full Council following the recommendation by the Cabinet and having considered the advice of the CFO. This will determine the level of detail to which financial control and management can be exercised.

B38 It is the responsibility of Directors to ensure that budget estimates reflecting agreed service plans are submitted to the executive and that these estimates are prepared in line with guidance issued by the CFO.

Preparation of the Capital Programme

B39 Capital expenditure, involves the acquisition, creation or the significant enhancement of fixed assets with a long-term value to the Authority, such as land, buildings, and major items of plant, equipment, vehicles or intangible assets such as IT systems or software licences. 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.

B40. Any expenditure on a single capital item, or a group of similar items within a financial year, that totals less than the capital de minimis outlined in Section F, is to be treated as revenue.

B41 The CFO is responsible for:

- producing an annual capital strategy for approval by the Cabinet and Council;
- setting up procedures under which capital expenditure proposals are evaluated and appraised to ensure that value for money is being achieved;
- ensuring that a Medium-Term Capital Programme is prepared annually which is derived from the Capital Strategy, the Asset Management Plan, and the evaluation process;
- that the capital programme is consistent with corporate, service and asset management objectives and priorities;
- that there is a robust process for scrutinizing the capital schemes to be added to the capital programme;
- that the programme is fully funded and is affordable and sustainable in accordance with the Prudential Code;
- setting up procedures for corporate monitoring of all sources of capital funding;
- That the tax implications of significant capital schemes are considered, including the impact on the VAT partial exemption calculation; and
- That the revenue implication of capital schemes are included in the Budget and MTFS.

B42 The inclusion of a scheme in the approved Capital Programme does not imply automatic approval to spend. These can be subject to meeting further criteria relating to the objectives, cost or funding confirmed through the governance process. Directors must ensure that all necessary levels of approval in accordance with the associated financial procedure note have been obtained for projects to proceed.

B43 Directors are responsible for ensuring that where a project is dependent on external funding, it must not proceed until there is confirmation that this has been secured and the grant conditions can be met.

B44 In all cases Directors must follow the Procurement Contract Procedure Rules before expenditure is incurred.

Budget Amendment

B45 Approved revenue budgets, subject to legislative limitations, may be amended during a financial year in the following circumstances:

- a) virements in accordance with the Scheme of Virement;
- b) underspendings approved for carry forward from previous years in accordance with approval guidelines;
- c) supplementary requests from General Fund reserves or the Council Contingency Funds with the approval of the Cabinet Member for Finance or full Cabinet; and
- d) grants, in accordance with the scheme of virement.

B46 Where the responsibility for a service is transferred from one department to another, the Director of Finance will transfer the appropriate resources in consultation with the relevant chief officer(s) and report to the Executive at the earliest opportunity.

B47. The CFO will provide a schedule of revenue grants as part of the overall budget proposals to the Council. Capital grants are shown in relation to the capital programme. All grants including new grants received in year will be reported to the Cabinet via the quarterly financial monitoring.

Scheme of Virement

B48 A virement is a planned movement of resources between approved budgets that leaves the overall Authority revenue and capital budget unchanged. Ad-hoc virements during the year are generally discouraged, especially where they relate to temporary adjustments. The financial Limits for the scheme of virement are outlined in Section F and are intended to enable the Directors to manage their service budgets with a degree of flexibility within the overall policy framework determined by the Authority.

B49 The exceptions to the above framework that are not allowed are:

- (a) provisions included within departmental budgets on the instructions of the CFO, e.g. insurance, capital and depreciation charges, leasing costs, transfer payments, central support service recharges and revenue expenditure funded from capital etc, can only be vired by the CFO;
- (b) virement between capital and revenue;
- (c) virements between an income budget line and an expenditure budget line require the approval of the CFO, as they change the revenue commitments of the Authority;
- (d) Budget variances that apply to the current year only. These should generally be reported as a Variance in the monthly forecast; and
- (e) Between salaries and non salaries budget heads unless supported by a properly approved amendment to the establishment.

B50 All requests for virement must be made in the format and at a time prescribed by the CFO. All virements require the approval of the CFO. The CFO who will keep a record of all virements and provide a summary report on the approved virements at least quarterly to the Corporate Management Team and the Executive.

B51 For the purposes of the financial limits outlined in Section F virements between the budget heads within the same financial year must be aggregated.

Budget Monitoring and Control

B52 The CFO is responsible for providing appropriate financial information to enable budgets to be monitored effectively and for presenting consolidated monitoring reports to the executive on a regular basis.

Overview and Control

B53 Budget management is a continuous process that ensures the approved resources are used for their intended purpose and are properly accounted for, subject to virement rules. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

B54 The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each budget holder is required to manage expenditure within their budget allocation, subject to the rules of virement.

B55 Management of budgets must not be seen in isolation but in conjunction with service outputs and performance measures, which bring together financial and non-financial information in a meaningful way.

Revenue Budget Monitoring

B56 The CFO has overall responsibility for ensuring that there are appropriate systems in place to ensure that relevant, accurate, complete and timely budgetary control information is received by budget holders, Directors and members. The process will include reporting the financial position relative to the revenue budget and capital programme to the Corporate Strategy Board (CSB) and the Cabinet on a regular basis.

B57 Directors must ensure that there is a clear allocation of responsibility for revenue budgets at cost centre level and capital schemes within their areas. Budget responsibility should be aligned as closely as possible to the decision making that commits expenditure.

B58 Directors have authority to incur expenditure on the approved policies and activities of the Council where financial provision exists in the approved budget for the year. The scheme of delegation is included at Section F. It sets out the limits for authorising financial transactions. Directors should ensure that they properly record any local delegations specific to their service area.

B59 Directors are responsible for ensuring that they manage expenditure within the total net budget for their services. Over spends and under spends relative to the approved budget should be formally reported as soon as they are known and closely monitored. At the same time corrective action to be taken by managers should be identified. Budget monitoring should reflect the level of risk associated with particular budgets.

B60 Directors and Budget Holders should monitor and report on significant and overall income performance at each monthly reporting interval with the same rigour as applied for expenditure monitoring. Income should be tracked each month to ensure overall income forecasts are likely to be met and to respond to any changes in income with either service or charge alterations.

Capital Monitoring

B61 The CFO is responsible for the preparation, review and monitoring of the capital programme. The CFO must ensure that all capital proposals are supported by option appraisals; robust costed business cases including whole life costing in accordance with proper governance arrangements as set out in the financial procedures. The size and substance of a capital scheme will determine the degree to which the Council's mandatory project management approach will be applied.

B62 Changes to the approved programme must be reported to the Cabinet for approval in accordance with the scheme of delegation.

B63 Directors are responsible for supplying accurate capital forecasts in the manner and to the timetable determined by the CFO, which identify and explain variances and clearly identify slippage.”

Carried Forward Balances

B64 A year end balance is the amount by which actual income and expenditure varies from the final budget, normally identified down to budget holder level. In general unspent balances will not be carried forward, except with the permission of the CFO. Unspent balances will only be considered for carry forward where:

- the Council’s revenue/capital budget is not overspent in total;
- reserves and balances are at an appropriate level; or
- all other commitments will have to be accommodated within the new year budget.

Statement of Accounts

Accounting Policies

B65 The CFO is responsible for the preparation of the authority’s Statement of Accounts for each financial year ending 31 March, within the statutory deadline, in accordance with proper accounting practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC)*,

B66 key controls for accounting policies are:

- (a) systems of internal control to ensure that financial transactions are lawful;
- (b) suitable accounting policies are selected and applied consistently;
- (c) proper accounting records are maintained, and
- (d) financial statements are prepared which present fairly the financial position of the authority and its expenditure and income.

Responsibilities of the CFO

B67 To ensure detailed guidance is issued to Directors each year to ensure that the relevant information is collected and that the statutory deadline is achieved.

B68 To draw up a comprehensive timetable for final accounts preparation in accordance with statutory timetables, in consultation with the Head of Paid Service and the external auditor;

- To select suitable accounting policies in order to comply with professional guidance and to ensure that they are applied consistently;
- make judgements and estimates that provide a true and fair view of the authorities financial position and are both reasonable and prudent;
- comply with the relevant Code of Practise on Local Authority Accounting;
- prepare, sign and date the statement of accounts, stating that it presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the financial year just ended; and
- publish the approved and audited accounts of the Authority each year, in accordance with the statutory timetable;

B69 The CFO will ensure that the accounts are subject to external audit, to provide assurance that the accounts have been prepared properly, that proper accounting practices have been followed and that high quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the authority’s resources.

B70 The Governance, Audit and Risk Management Committee has specific responsibility for approving the statutory annual statement of accounts.

B71 The CFO is responsible for implementing appropriate accounting policies which comply with statutory requirements and codes of practice, ensuring that they are applied consistently and are set out in the statement of accounts.

Accounting Records and Returns

B72 Directors shall be responsible for ensuring that records are carefully and systematically filed and retained for inspection by the CFO, Internal and External Audit or Government agencies (e.g. HM Revenue and Customs).

B73 Accounting records should be retained for a period of 6 years plus the current financial year, unless otherwise instructed by the CFO. The advised minimum periods for the retention of financial records are set out below:

- mortgages, bonds, stocks and other holdings, insurance, contracts, pension information and transfer values should be held indefinitely;
- PFI contracts should be retained for the period of the contract plus 12 years; and
- other contract documents including the final account where the contract is under seal should be retained for 12 years.

Finance Comments on Reports

B74 The CFO is responsible for monitoring the quality of the financial implications information included in Committee Reports, Scrutiny reports and other formal reports by Directors and providing financial comments where there are implications such as corporate revenue or capital resources requirements.

B73 Directors are responsible for ensuring:

- Suitable options appraisal are carried out in relation to all significant policy issues;
- that financial implications in the current and future years are identified in all relevant reports and that such financial implications are agreed by the CFO and are in accordance with virement rules;
- that where reports impact on other directorates or have implications for corporate resources, financial implications comments are requested from them and/or the CFO sufficiently in advance of reporting deadlines; and
- the financial implications in reports are reflected in current budgetary provisions and in the agreed Budget and MTFS.

C. Corporate Governance, Risk Management and Control of Resources

C1 It is essential that robust, integrated systems are developed and maintained for identifying, evaluating and managing risk to the authority. This process should be integrated with the Financial Planning and Business Planning process.

Treasury Strategy

C2 The CFO will ensure that an Investment or Treasury Strategy is prepared, formally agreed in line with the constitution and published annually before 31 March. The strategy will comply with statutory regulation, including that issued under section 15(1)(a) of the *Local Government Act 2003* (CLG Investments Guidance) and the CIPFA Treasury Management Guide. In particular:

- a) the investment priorities should be security and liquidity. Yield should be considered but only within the properly established security and liquidity levels;
- b) the Investment strategy should go to the full Council at the start of each year and reviewed mid-year, or more often should market conditions require it;
- d) it should comment on the use of credit ratings and of any additional sources of information on credit risk;
- e) It should comment on the use of treasury management advisers;
- f) It should contain the training programme for officers and members;
- f) Strategies should comment on the investment of money borrowed in advance of spending need; and
- g) It will include a policy in regard to Minimum Revenue Provision.

Pensions Governance

C3 The CFO will publish annually a Pensions Report by the statutory deadline that sets out the Council's approach to meeting its pensions obligations and for the efficient administration of the scheme.

C4 The CFO must ensure that a Pension Funding Strategy is published whenever there is a significant or material change.

Asset Management Plan

C5 The Corporate Director of Environment and Enterprise is responsible for corporate asset management. They should maintain adequate asset management plans (AMPs) for Schools, Housing and Corporate assets. These plans should show the number and value of the assets held, how assets are used and whether they are operational or non-operational, running costs, the condition of assets and the maintenance required. The plans will inform the Council's capital and revenue budget strategy and disposals policy.

C6 The CFO must ensure that the Asset Management Plans are supported by detailed asset registers and accurate valuations. The registers are used as a day to day management tool and to provide information for the Council's accounts and insurance purposes.

C7 Directors must ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place in line with Corporate Policy. Directors must supply the information required by the CFO.

C8 Budget holders are responsible for ensuring that all assets in their control are appropriately maintained, clearly identified and marked as property of the Council where appropriate. No Council asset should be subject to personal use by an employee without prior authorisation from their Chief Officer.

Projects and Programmes

C9 The Director for Customer Service and Business Transformation Programme (BTP) is responsible for issuing guidance on the preparation of business cases and programme management.

C10 Directors are responsible for ensuring that programmes are conducted using the Council's mandatory project and programme management approach. The degree to which the approach will be applied will be determined according to the limits defined in the procedure guidance notes.

C11 Directors must obtain the agreement of the CFO as to the expenditure and funding for all new schemes not included in the approved budget or capital programme and submit to Cabinet for approval. See Section F.

Leasing arrangements

C12 Property leases may constitute a capital liability. Directors shall notify the CFO of all proposed property leases or renewals before any agreement is made and these shall be included in the proposed capital programme. Any lease with a value, or term, above the limits set out in Section F shall be approved by Cabinet.

C13 Directors must not enter into credit arrangements, such as leasing agreements, without the prior approval of the CFO and, if applicable, approval of the scheme should be included as part of the capital programme.

C14 The CFO shall be responsible for the evaluation and arrangement of all Capital financing facilities. This excludes the short term hiring of equipment for periods of less than 12 months.

C15 The Budget Holders must take appropriate advice from Finance and Legal before entering into a lease agreement.

Contingent Asset and Liabilities

C16 The CFO must maintain a register of contingent assets and contingent liabilities and review these at least annually.

C17 Directors must inform the CFO of any potential contingent assets and contingent liabilities.

Maintenance of Provisions and Reserves

C18 Provisions are held against present obligations (liabilities) of uncertain timing that can reasonably be estimated. If the event itself rather than the timing is uncertain then it would be a Contingent liability or asset.

C19 Any sum set aside that is not a provision, is a reserve. Reserves can be Earmarked Reserves set aside for specific policy purposes or General Reserves, set aside for purposes such as general contingencies and cash flow management.

C20 The CFO is responsible for advising on prudent levels of reserves for the Council when the annual budget is being considered, having regard to assessment of the financial risks facing the authority and the views of the external auditor.

C21 The CFO must make an annual statement on the adequacy of general reserves and provisions.

C22 All contributions to, and appropriations from, General Fund reserves must be approved by the Cabinet member for Finance, subject to any limitations set by the Council in the approved budget framework.

C23 The CFO can establish earmarked reserves. The CFO is responsible for ensuring that detailed controls are established for the creation of new reserves and provisions and any disbursements therefrom. This should include:

- the reason for the reserve;
- how and when it can be used;
- the responsibilities for their management and reporting in the Medium Term Financial Strategy and annual budgets; and
- the timescale for review, at least annually, to ensure adequacy.

C24 Directors must inform the CFO of any future liabilities that have been incurred and may need to be accounted for.

Reporting Key Decisions

C25 The definition and rules concerning Key Decisions are to be found in Article 13 of the Constitution.

Equalities Impact Assessments

C26 The Head of Paid service is responsible for ensuring there are adequate processes in place to ensure that equalities issues have been properly considered when decision are made, in accordance with statutory guidance.

C27 Directors and Members must ensure that equalities issues are adequately addressed when implementing new policies, procedures or services.

Risk Management

C28 All organisations face risks to their people, property, finances, services, reputation and continued operations. Whilst risk cannot be eliminated altogether, risk management provides a planned and systematic approach to the identification, evaluation and control of risk. It is an integral part of good business practice and is essential to the Council achieving its objectives, securing its assets and to ensuring continued financial and organisational well being.

C29 The Accounts and Audit Regulations 2011¹ specifically require that the “relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the

¹ <http://www.legislation.gov.uk/ukxi/2003/533/contents/made>

effective exercise of that body's functions and which includes arrangements for the management of risk.”

Business Continuity and Disaster Recovery

C30 The Head of Paid Service will establish and regularly test comprehensive business continuity and disaster recovery procedures to deal with the consequences of events and minimise potential disruption.

C31 Directors will ensure that controls are in place to minimise the likelihood of the risk occurring and/or minimising its potential impact through regular inspection and continuous monitoring of identified key risk areas.

Risk Strategy

C32 The Head of Paid Service in conjunction with the Monitoring Officer is responsible for the preparing and promoting the authority's risk management policy and strategy, securing the endorsement of the Council, and maintaining the corporate risk register and other risk registers and risk analyses as appropriate.

C33 Directors are responsible for ensuring that there is a continuous review of exposure to risk within their departments, maintaining detailed risk registers and action plans, and maintaining business continuity plans. It is essential that risk management is integrated into business processes in line with corporate guidelines. These processes include budget preparation and integrated service and financial planning, budget monitoring and performance management, programme and project management, procurement and contract management.

Insurance

C34 The Council maintains insurance cover to deal with the financial consequences of any incident which may give rise to a claim being made by/against the Council or result in financial cost or loss which may not otherwise be provided for. The extent to which the Council “self insures” is informed by the perceived risk and the Council's claims history.

C35 The CFO is responsible for effecting corporate insurance cover, through external insurance and internal funding, and negotiating all claims in consultation with other officers, where necessary.

C36 Directors should

- notify the CFO immediately of any loss, liability or damage that may lead to a claim being made by/against the Council and take appropriate action to prevent a repeat loss;
- Inform the CFO of all new risks, properties or vehicles that may require insurance, and of any alterations or disposals affecting existing insurances;
- ensure that claims against insurance policies are made promptly and comply with the timescales for investigating claims and the insurer's conditions;
- ensure that before any contract for works is made, that adequate insurance cover is furnished by the contractor in respect of any act or default;
- ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis;
- produce and maintain an up to date comprehensive risk register, taking corrective action at the earliest possible opportunity to either transfer, treat, tolerate or terminate the identified risk;

- Ensure that procedures are in place to identify Contingent Liabilities, which are doubtful events that may represent a charge to the authority at a future date, and ensure that these are recorded in a note to the annual accounts;
- ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim. Failure could directly affect the authority's ability to make or defend a claim or could result in financial penalties being imposed on the authority; and
- consult the CFO and seek legal advice on the terms of any indemnity that the authority is requested to give.

Internal Controls

C37 Internal control are systems put in place by management to mitigate risk, increase the likelihood that the Authority's objectives are met and to safeguard the Authority's staff, assets and interests.

C38 Internal controls should be reviewed on a regular basis. Control systems should provide for clarity of policies, objectives, targets, responsibilities and accountabilities, and appropriate authorisations and approvals, separation of duties, level of internal check, management information and physical safeguards.

C39 The CFO will ensure that the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government*.

C40 The CFO will ensure that effective internal controls are an integral part of the authority's underlying framework of corporate governance and that they are reflected in its local code, ensuring that clear Financial Procedure Rules exist.

C41 The CFO in conjunction with the Monitoring Officer is responsible for assisting the authority in putting in place an appropriate control environment and effective internal controls that comply with all applicable statutes, regulations and codes of practice.

C42 The Accounts and Audit (England) Regulations 2011 require the publication of an Annual Governance Statement. The statement includes a description and evaluation of the internal control environment, the review process, and identifies any gaps. It must include a statement that the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government*. There should be an action plan to address the issues identified and a report on progress on the issues identified in previous years. The Governance, Audit and Risk Management Committee should seek to satisfy itself that it has obtained sufficient, relevant and reliable evidence to support the disclosures made and that statutory guidance has been followed.

C43 The governance statement should be approved at a meeting of the authority or delegated committee and signed by the Head of Paid Service and a leading member.

C44 Directors are responsible for establishing, maintaining, monitoring and reporting on systems of internal control which guard against risk and promote the achievement of objectives. On an annual basis they are required to complete a management assurance statement, in the format and timescale specified the Head of Paid Service, for each Directorate of the Council. The statements and supporting evidence will be independently

reviewed by Internal Audit, evaluated by the Corporate Governance Group and results fed into the Council's Annual Governance Statement.

Internal Audit

C45 Section 151 of the Local Government Act 1972, requires that the Authority 'makes arrangements for the proper administration of their financial affairs. Further specific arrangements are detailed in the Accounts and Audit Regulations 2011 (as amended) in that a 'relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'. The arrangements must follow statutory guidance and professional standards. The key features of internal audit are:

- independence of service operations in its planning and operation;
- sufficient organisational status to facilitate effective discussion and negotiation of the results of its work;
- utilisation of risk based methodologies in planning and delivering its work and does not have undue limitations placed on its scope;
- direct access to senior managers, elected members and the external auditor as appropriate; and
- Internal auditors comply with guidance issued by professional bodies.

C46 Internal audit is an independent and objective appraisal function established by an authority to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management.

C47 The CFO must develop and maintain an effective Audit Committee.

C48 The CFO must support the authority's internal audit arrangements and ensure that the authority's Audit Committee receives the necessary advice and information, so that both functions can operate effectively.

C49 The CFO ensures the provision of an effective, properly resourced, internal audit service, for the internal audit of the control environment and systems of internal control as required by professional standards.

C50 The Head of Internal Audit:

- is responsible for reviewing financial and management systems and controls throughout the Council in accordance with professional standards prescribed by the CIPFA Code of Audit Practice and the Auditing Practices Board and its operating procedures as set out in its Internal Audit Manual;
- has a duty to act if fraud or corrupt practices are suspected or detected;
- must report to the Audit Committee on any relevant matter relating to the Council's financial controls;
- must set out an Annual Audit programme in advance; and
- will keep a register of Audit recommendations and monitor their implementation.

C51 Internal auditors have the authority to:

- access authority premises at reasonable times;
- access all assets, records, documents, correspondence and control systems;

- receive any information and explanation considered necessary concerning any matter under consideration;
- require any employee of the authority to account for cash, stores or any other authority asset under his or her control;
- access records belonging to third parties, such as contractors, when required (third party contracts should specify access rights); and
- directly access the senior managers and elected members where appropriate.

C52 The CFO provides professional advice on the strategic and annual audit plans prepared by the Head of Internal Audit, which take account of the characteristics and relative risks of the activities involved. The Head of Internal Audit must consult the CFO and the Head of Paid Service on the Internal Audit Plan and the Internal Audit Reports.

C53 Directors are required to notify the Head of Internal Audit of new areas of risk which may need to be subject to audit review and ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets and provided with information and explanations that the auditors consider necessary for the purposes of their work.

C54 Directors are also required to consider and respond promptly to recommendations in audit reports, ensure that agreed actions arising from audit recommendations are carried out in a timely and efficient fashion and in line with the timescale agreed with the Head of Internal Audit, and report on progress.

C55 Directors must provide internal audit with access to their premises, records and systems and staff in a timely manner.

External Audit

C56 The basic duties of the external auditor are defined in the Audit Commission Act 1999, the Local Government Act 1999 and the Code of Audit Practice. These require the auditor to review and report upon:

- the Council's Accounts;
- whether the Council has made proper arrangements for securing financial resilience and
- whether the Council has proper arrangements for securing economy, efficiency and effectiveness.

C57 The CFO in conjunction with the Head of Paid Service advises on the development of the annual audit plan, leads on any negotiations related to the annual audit fee and advises the Cabinet and Directors on their responsibilities in relation to external audit and issues arising from the Annual Audit and Inspection Letter.

C58 Directors are required to ensure that external auditors are given access at all reasonable times to premises, personnel, documents, and assets, and provided with information and explanations which the external auditors consider necessary for the purposes of their work, in the timescales required.

C59 Directors are also required to consider and respond promptly to recommendations in audit reports, ensure that agreed actions arising from audit recommendations are carried out in a timely and efficient fashion and in line with the timescale agreed with the external auditor, and report on progress.

Preventing Fraud, Bribery and Corruption

C60 The Council is responsible for substantial public funds and other assets and has a duty to demonstrate the highest standards of probity and stewardship in the day to day management of its affairs. It is therefore essential to develop and maintain an anti-fraud culture and to create a working climate in which all staff and elected members remain alert to the potential for fraudulent or corrupt behaviour against the Council from outside or inside the organisation and are aware of the mechanisms available for the confidential reporting and investigation of any reported instances.

C61 The key controls regarding the prevention of financial irregularities are that:

- The Head of Paid Service will ensure a formal code of conduct is established and widely publicised and, as part of this, a register of interests is maintained and the receipt of hospitality and gifts covering both members and officers in accordance with any relevant statutory code of conduct;
- The Public Interest Disclosure Act 1998 (PIDA) protects workers who 'blow the whistle' about malpractice or wrongdoing within an organisation. The Head of Paid Service will maintain and make available a whistle-blowing policy and procedures that enables officers, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. All such allegations are diligently and robustly investigated;
- The CFO will ensure that the authority has an effective anti-fraud and corruption policy consistent with legislation including the Bribery Act 2010, the Public Interest Disclosure Act 1998 and the Freedom of Information Act;
- The CFO will ensure internal control systems exist which minimise the risk of fraud and corruption occurring;
- The CFO is responsible for developing and maintaining an anti-fraud, bribery and corruption policy and ensuring that effective internal controls are in place to minimise the risk of fraud, corruption and financial irregularities;
- The CFO is responsible for the corporate fraud team and ensuring that effective procedures are in place to identify fraud and investigate promptly any suspected fraud. The team investigates cases of both internal fraud and external fraud.

C62 Council employees and members have a duty to report to the authority any impropriety, bribery, breach of procedure or failure of the manner in which services are being provided without fear of recrimination (Code of Conduct). This includes a duty to report a suspected breach of the Council's Contract Procedure Rules and Financial Procedure Rules.

C63 Directors are required to ensure that their policies comply with Council's Contract Procedure Rules and Financial Procedure Rules and that staff are trained where appropriate and adopt suitable compliance and disciplinary measures.

C64 Directors must ensure that where financial impropriety is discovered or suspected, the CFO and the Head of Internal Audit are informed immediately and take all necessary steps to prevent further loss and to secure records and documents against removal or alteration. Directors must ensure the full co-operation of senior management in any investigation and instigate the authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

C65 Officers and members must ensure that they comply with all of the Council's codes, protocols and procedures particularly the officers' code of conduct, its procurement practices and its anti-fraud and corruption policies.

Money Laundering

C66 Money laundering involves the 'cleaning' of illegal proceeds through legitimate transactions, usually cash, in order to disguise their criminal origin.

C67 Local Authorities must be mindful of the Money Laundering Regulations, 2007 Regulations. There is substantial reputational risk for an authority who do not have money laundering policies and procedures in place and they have a duty of vigilance to prevent the financing of terrorism and money laundering.

C68 The Council enters into thousands of transactions every day and could be subject to money laundering attempts when accepting payments by cash, cheque or credit/debit cards for instance in relation to the purchase of a council house, the payment of substantial bills, or receiving an overpayment in cash which is then refunded by cheque.

C69 The CFO will:

- Ensure that processes are in place to identify and appropriately train staff most likely to be exposed to money laundering of the organisations and their own obligations under POCA and the TA to detect and report suspicious activity;
- Establish procedures to preclude the acceptance of cash sum or series of sums (in coin, notes or travellers cheques) in respect of goods that total more than in excess of the maximum allowed for any single customer account per annum in Section F; and
- Maintain a written Anti- Money Laundering Policy.

C70 All staff have a duty to report any suspicions to the Money Laundering Reporting Officer (currently the CFO) or their deputy. There is a template for reports attached to the policy. It is very important that in the process of reporting nothing is done to tip off anyone connected with the transaction.

C71 Directors and managers will ensure that staff who regularly accept payments, or administer payments or the Council's bank accounts receive training on money laundering. It is the responsibility of the CFO to ensure that these staff are identified and trained.

Proceeds of Crime

C72 The relevant Corporate Director in consultation with the Monitoring Officer and the CFO is authorised to institute investigations under the Proceeds of Crime Act 2002 as amended (POCA) on behalf of the Council.

C73 The relevant Corporate Director will ensure that in relation to POCA investigations all statutory guidance is followed, including ensuring there is an appropriate, accredited financial investigator.

C74 Prosecutions under POCA must be jointly authorised by the CFO and the Monitoring Officer.

C75 Awards made to the authority under POCA incentive schemes or from asset recovery shall be applied first to the authority's costs in relation to the related investigation and

prosecution and any statutory charges. The balance shall be used as determined by the MTFSS and any statutory limitations.

Security of Assets

C76 The authority holds valuable assets in the form of property, vehicles, equipment, furniture and other items. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.

C77 The CFO will ensure an up-to-date Asset Register is maintained to enable sound fixed asset accounting and asset management.

C78 The monitoring officer will ensure a corporate property database is maintained containing the details of all council properties to support land and property management.

C79 The monitoring officer will ensure a terrier is maintained to identify all the land and property holdings of the Council recording the location, extent, plan, purchase details, nature of the interests, tenancies granted, charges held, rents payable and purpose for which held.

Inventories

C80 Inventories must be maintained by Directors for portable, high value items above the De-Minimis in **Section F**. The inventories shall contain an adequate description of the asset including where relevant the model number, serial number and location and its estimated value.

C81 Budget Holders are required to check the existence of a random sample of inventory items on an annual basis.

Stocks and Stores

C82 Directors are responsible for:

- ensuring that stocks of goods and materials are held at a level appropriate to the business needs of the Council, and that stock levels are checked regularly and as a minimum as part of year end annual stock take procedures;
- ensuring that adequate arrangements are in place for their care and custody; and
- writing off the value of obsolete stock in their Departments in accordance with the procedures.

Intellectual Property

C83 Intellectual property is a generic term that includes inventions and writing. Certain activities undertaken within the authority may give rise to items that may be patentable, for example, software development. Breaching copyright laws exposes the Council to financial risk.

Responsibilities of Directors

C84 To put controls in place to ensure that staff do not carry out private work in the Council's time and that staff are aware that anything they create during the course of their employment, whether written or otherwise, belongs to the Council.

C85 To comply with the copyright, designs and patent legislation and, in particular, to ensure that:

- (a) only licensed software is installed by the authority is used on its computers,
- (b) staff are aware of legislative provisions, and
- (c) in developing systems, due regard is given to the issue of intellectual property rights.

Asset Disposal

C86 Assets that are surplus to service requirements or are not cost effective to retain should be disposed of safely, for the best price. Disposal should be in accordance with national legislative requirements for health and safety and waste disposal and the European Union's Waste Electrical and Electronic Equipment directive.

Land and Buildings

C87 The Corporate Director of Environment and Enterprise (General Fund) and the Corporate Director of Community, Health and Well Being (Housing Revenue Account) are responsible for all disposals of land and property for the General Fund and the HRA respectively, in conjunction with the portfolio holder for Property and Major Contracts and for identifying any revenue implications arising from the sale of assets.

C88 These Corporate Directors in conjunction with the portfolio holder has delegated authority for General Fund disposals as outlined in Section F. Anything above this limit must be reported to the Cabinet for approval.

- C89 The Corporate Directors must before any disposal is agreed or negotiations begin:
- seek Legal advice to ensure that the disposal falls under a General Disposal Consent, Right to Buy legislation or if Secretary of State's permission is required;
 - Obtain an independent valuation, within 3 months of the sale;
 - Ensure that the disposal is consistent with the Asset Management Plan, that no other service requires the building and that it has formally been declared as surplus to requirements; and
 - Seek financial advice to ensure the proper accounting of capital receipts, cost of sale and tax.

Other Assets

C90 Budget holders may seek the authority of their Chief Officer to dispose of revenue assets through sale, donation or scrapping. They must assure themselves that the assets concerned are the property of the Council (rather than a leasing company) and surplus to organisational requirements, before disposing of them. Budget holders must be able to demonstrate that value for money is obtained for every disposal and maintain adequate records demonstrating value for money, the reasons for the disposal, and that the assets are obsolete or surplus to requirements. All property, plant or equipment assets disposed of over the value shown in Section F must additionally be cleared with the CFO or his/her nominated representative before they can be disposed of.

C91 Budget Holders must ensure that legal and environmental issues are addressed when disposing of any assets. Budget holders should notify facilities management of any disposals, who will determine if the assets are surplus to requirements.

- C92 The CFO will:
- issue guidelines representing best practice for the disposal of assets and consistent with statutory powers and best practice including:

- Issuing of a receipt;
- Accounting and banking of the income;
- Segregation of duties between those who authorise of the sale and the receipt of the payment; and
- Adjustment to Inventory records;
- ensure appropriate accounting entries are made to remove the value of disposed assets from the authority's records and to include the sale proceeds in the Council's accounts; and
- Maintain a schedule of disposals above the de minimis recorded in Section F with both estimated and actual values and disposal dates.

C93 Directors will notify the CFO of any disposals of assets above the de minimis in Section F.

Treasury Management

C94 The Council has adopted CIPFA's Code of Practice for Treasury Management in Public Services.

C95 The CFO is responsible for reporting to the Cabinet at least twice in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. He/she is required to produce:

- a proposed treasury management strategy for the coming financial year before the start of each financial year;
- an annual report on the treasury management activity for presentation by 30th September of the succeeding financial year; and
- a mid year report to Cabinet.

C96 The Council has delegated responsibility for the implementation and monitoring of its Treasury Management Policies and Practices to the CFO and for the execution and administration of Treasury Management decisions to the Treasury and Investments Manager, who will act in accordance with the Council's Treasury Policy Statement and CIPFA's 'Standard of Professional Practice on Treasury Management'.

C97 The CFO will ensure that all:

- Investments of money are made in the name of the authority or in the name of nominees approved by the full Council;
- securities which are the property of the authority or its nominees and the title deeds of all property in the authority's ownership are held in the custody of the Head of Legal Services; and
- Borrowings are the name of the authority.

C98 Directors will not enter into any loan or credit arrangements with any party whatsoever or acquire an interest in companies, joint ventures or other enterprises whatsoever.

Pension Fund Investment

C99 The CFO will ensure that the accounting for the Pension Fund satisfies the Council's statutory obligations, including that it is accounted for separately, that only relevant costs, assets and liabilities are valued by an actuary every three years.

C100 The CFO is responsible for pension fund investment and makes recommendations to the Pension Fund Investment Panel about the appointment of the actuary, investment adviser, and external fund managers. The CFO provides regular reports to the Pension Fund Investment Panel on the performance of the fund and any regulatory matters.

C101 The CFO is responsible for ensuring the Council's contributions are consistent with its Pension Fund strategy and actuarial review.

Trust Funds, Funds Held For Third Parties and Other Voluntary Funds

C102 The CFO is responsible for trust funds and ensures that funds are only drawn down for the purposes intended by the Trustees and that accounts are prepared and audited each year.

C103 All trust funds, funds held for third parties and other voluntary (unofficial) funds excluding schools must be approved by the CFO. A 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. Such funds should be separately identified but managed in line with the Council's Financial Procedure Rules.

Banking and Imprest Accounts

C104 The CFO is responsible for opening all bank accounts and agreeing the associated mandates.

C105 The CFO is responsible for managing the banking contract and the day to day administration and reconciliation of accounts.

C106 Staff must not open accounts in the name of the Council, Members or officers unless they are acting on the instructions of the CFO. Opening an unauthorised bank account is a disciplinary offence.

C107 An imprest or petty cash account must only be used in accordance with guidance issued by the CFO. It is the responsibility of Directors to ensure that systems are in place to monitor and control this.

C108 Imprest and petty cash accounts can facilitate very minor items of expenditure where it would not be cost effective to use a purchasing card or purchase order. Imprest and petty cash accounts must not be used to reimburse employee expenses which will be made through Payroll where it is not possible to use a purchase order or purchasing card.

C109 The Council has a single petty cash account operated by Cashiers. There are a number of imprest holders across the Council, where the total held should not exceed the limits specified in Section F, except where agreed and authorised by the CFO. The establishment of and procedures for the operation of imprest accounts is approved by the CFO.

C110 Officers must complete an official petty cash voucher to draw cash or a cheque from petty cash or an imprest account. Supporting documentation must be attached including VAT receipts and the voucher should be authorised to confirm that the expenditure is reasonable and there is sufficient budget provision to cover the expenditure.

C111 Where the sum required exceeds the limits specified in Section F the voucher is countersigned by a Divisional Director. The maximum sum withdrawn at any one time must not exceed £500.

C112 Imprest holders must reconcile their accounts on a monthly basis or prior to seeking reimbursement. Imprest holders should seek reimbursement from the main petty cash account through Cashiers using the standard documentation and attaching supporting information. A certificate of value must be completed once a year and the cash/receipts must be produced on demand.

C113 Imprest accounts must never be used to cash personal cheques or to make personal loans and the only payments into the account should be the reimbursement of the float and change relating to purchases where an advance may have been made on an exceptional basis.

Staffing Establishment

C114 The Head of Paid Service will ensure there is in place accurate and effective systems to monitor the establishment and that the following procedures and regulations must be followed:

- appointments are made in accordance with HR and payroll regulations;
- appointments are in accordance with the approved establishment and grade for the post;
- the organisational structure on SAP must be kept up to date;
- all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, are notified promptly and in accordance with required forms, timescale and authorisation;
- payments are only made where there is a valid entitlement;
- conditions and contracts of employment are correctly applied; and
- Employee's names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

C115 Regulation 4 of the Accounts and Audit (Amendment No.2) (England) Regulations 2009 [SI 2009 No. 3322) introduced a legal requirement for reporting remuneration of senior employees. The Head of Paid Service will publish pay data on senior staff in accordance with guidance and a policy statement about staff pay, including senior and lower-paid staff.

C116 The CFO will agree annually the budget to support the approved establishment. The CFO will ensure appropriate procedures are in place to amend the establishment throughout the year.

C117 Directors are responsible for controlling total staff numbers within their approved establishment. Staff can only be appointed to an approved post and within the overall budgetary provision and should not create a commitment which cannot be met in future years. Where the existing approved establishment cannot be fully funded from available budget – then an appropriate level of vacancy management in line with operational need should be exercised during the year. Where posts have been vacant for periods in excess of 12 months and are deemed not to be required, they should be deleted.

Use of Agency Staff

C118 Agency staff are temporary workers who must be obtained and paid for, through an approved agency via appropriately procured corporate contracts. Generally, agency should only be employed either to:

1. Cover budgeted seasonal or unusual demand periods (e.g. salting roads in winter, cleaning parks in summer);
2. Cover essential temporary establishment vacancies, where cover is unavailable and there will be an adverse service impact if the post is not filled. For example where the post holder is on long term sick or maternity leave, has been seconded, or a post is being held open pending a restructure;
3. Bring in Special Skills for a one-off project or event, or time limited role, where appropriately skilled staff are not available internally or it is not cost effective to permanently fill.

C119 Where a vacancy is created by staff leaving following a normal notice period it is expected that the corporate recruitment process will be followed. Generally except in exceptional circumstances, agency staff should only be considered where the recruitment process has been completed and no appointment made.

C120 The CFO is responsible for ensuring that processes are in place to prevent unbudgeted agency staff being employed and monitoring agency staff costs.

C121 The Divisional Director HRD & Shared Services is responsible for ensuring that:

- The staffing establishment on SAP is up to date and accurate;
- Relevant employment law is complied with, including the Agency Workers Regulations, 2010; and
- Equal Pay regulations and case law are complied with.

C122 Directors are responsible for ensuring that all staff within their Directorates are recruited according to the corporate procedures and that there is no unbudgeted employee or agency related expenditure.

Use of Consultants

C123 Directors must ensure that their staff are familiar with the Council's guidelines on use of agency workers and understand the distinction between employees, agency workers and workers on contracts for services.

C124 Where a worker is engaged on a contract for services to carry out a project which has a clear start and end date and is described in a brief or specification, and where the worker will be taking on the risk and providing their own premises, equipment and insurance etc, then it is likely that the work will be governed by a contract for services with the Council and the worker will be paid via the Corporate Accounts Payable system through the raising of an official order and goods receipt. In these circumstances the Council's contract procedure rules should be applied. The insurance requirements must be clear in the documentation supporting the contract and evidence that the policy is in place should be obtained from the worker.

C125 Directors must ensure that where payments are to be made to workers other than through the Council's payroll system, that there is a clear justification for this and that there are no tax implications that may arise.

C126 Managers should give careful consideration to the employment status of individuals employed on a self-employed contract or subcontract basis. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Payroll Manager and/or Legal.

D. Financial Administration

D1 Systems

The CFO has statutory duties for the proper administration of the authority's financial affairs. The CFO responsibilities are to:

- (a) Issue advice, guidance and procedures for officers and others acting on the Authority's behalf,
- (b) Determine the accounting systems, the form of accounts and supporting Financial records;
- (c) Establish arrangements for audit of the Authority's financial affairs;
- (d) Approve any new financial systems and interfaces to be introduced;
- (e) Approve any changes to be made to existing financial systems, including interfaces to the General ledger, Accounts Receivable and Accounts Payable; and
- (f) Establish arrangements for access control and general security of the Authority's corporate financial systems.

D2 Directors' Responsibilities include:

- a. to ensure that local accounting prime records are maintained properly and held securely and only destroyed with the approval of the CFO;
- b. to incorporate appropriate controls to ensure that, where relevant:
 - (i) All input is genuine, complete, accurate, timely and not previously processed;
 - (ii) All processing is carried out in a complete, accurate and timely manner, and
 - (iii) Output from the system is complete, accurate and timely and in the format specified by the CFO.
- c. To ensure that the organisational structure provides an appropriate segregation of duties to facilitate adequate internal controls and to minimise the risk of fraud or other malpractice;
- d. To ensure, jointly with the Head of Paid Service, that there is a documented and tested Disaster Recovery Plan to allow information system processing to resume quickly in the event of an interruption;
- e. To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems;
- f. To ensure that systems are documented and staff trained in the operation of them;
- g. To seek the approval of the CFO before changing any existing financial system or introducing new financial systems;
- h. To ensure that authorisation limits for staff are consistent with the authority's corporate financial systems;
- i. To ensure the Scheme of Delegation is maintained and complied with for those authorised to act on behalf of the CFO in respect of payments, income collection and placing orders, including variations;
- j. To supply lists of authorised officers, with specimen signatures and delegated limits, to the CFO, together with any subsequent variations;
- k. To ensure that relevant standards and guidelines for computer systems are observed, including data protection legislation and that their staff are aware of their responsibilities under the legislation; and
- l. To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.

Chart of Accounts

D3 The CFO is the responsible officer and owner of the Chart of Accounts. The Chart of Accounts cannot be changed without express authority from the CFO Officer or their nominee. This includes all changes to the Chart of Accounts including the addition deletion or amendment of a:

- a. Hierarchy;
- b. Profit centre;
- c. Cost centre assignation;
- d. Cost element assignation;
- e. Sub cost centre hierarchy changes;
- f. Cost centre closure: input or hierarchy;

Income

D4 Directors are responsible for ensuring that there is as a minimum an annual review of fees and charges, and that proposals for the level of fees and charges are in accordance with guidance published by the CFO. These should be approved by the relevant Portfolio Holder and presented to the Cabinet as part of the Budget and MTFs proposals. It is required that an in depth review of each service area's fees and charges are conducted on a rolling three-year basis.

Income Collection

D5 The Council collects substantial amounts of income (council tax, business rates, rents, service charges and fees and charges) and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly, and that VAT is correctly accounted for.

D6 The CFO will ensure there are clear Corporate and Departmental Accountabilities for Accounts Receivable and income collection, supported by an appropriate Scheme of Delegation. Procedures for the receipt of income shall reflect the principles of separation of duties and internal check.

D7 The CFO is responsible for the procedures, systems and documentation relating to the setting, charging, and collection of all income due to the Council. In particular the CFO will ensure that there is an overarching debt management policy and a credit policy for Sundry debtors.

D8 The CFO must satisfy themselves with the adequacy of the arrangements for the control and safe storage of records, including electronic storage media.

D9 The CFO will ensure that Service Directorates bear the cost of their uncollected debts through an appropriate bad debt provision, based on a realistic annual assessment of the chances of recovery of all debts outstanding.

D11 Chief Officer are responsible for the recording and monitoring ongoing income levels each month and reporting any significant variations, as defined by the CFO.

Setting the Charge

D12 Directors are responsible for ensuring that appropriate fees and charges are considered for all activities, in accordance with the Council's strategies.

D13 Directors will review all their charges annually within the strategic, financial, economic and service context after appropriate consultation, in accordance with procedures laid down by the CFO. Charges can be changed at any point in the financial year with Portfolio Holder agreement and the CFO. Significant changes, as specified, should be presented to Cabinet for agreement.

D14 Unless required to in law or by Council policy, Directors will not set a charge that recovers less than it costs to collect. Where subsidies are applied Directors will ensure that the total cost of the subsidy is understood and linked to the Council's Corporate Priorities.

Billing

D15 Directors must ensure that the customer is provided with a clear and accurate bill for chargeable services within 5 working days of the service being provided, unless previously agreed with the CFO.

D16 Directors will ensure that all income due is identified and Accounts Receivable are raised via the Council's main financial system promptly, unless in the opinion of the Chief Financial Officer it is not practicable to do so.

Collection

D17 Directors will ensure that wherever possible and appropriate, that payment is received in advance of the service being offered and that the use of on-line payment systems is the default payment mechanism. Direct debits should be promoted, the use of cash, cheque or telephone payments should be avoided wherever possible.

D18 Directors will pursue all commercial debts until it is un-economic to continue to do so using agreed written procedures.

D19 Directors will set annual collection targets and VFM measures consistent with continuous improvement, the budgeted income and the medium term financial strategy. Performance will be monitored corporately every month.

D20 Directors will ensure that:

- income collection staff are appropriately trained;
- any cash or cheques received by their staff are stored securely whilst in their possession and passed as soon as possible to the CFO, or as he or she directs, to the authority's bank or National Giro account, and properly recorded;
- there is segregation of duties between those who authorise the sale and those who receipt of the payment;
- All income received for goods and services provided by the authority will be accounted for in the financial year in which the service was delivered. Where no debtor has been raised before the financial year-end by the authority then an accruals will be set up for the estimated debtor in accordance with guidance issued by the CFO.

Uncollectable Debts and Write Off's

D21 Once raised, no bona fide debt can be cancelled except by payment in full, its formal writing off or in the form of an adjustment under procedures agreed with the CFO.

D22 Directors are responsible for submitting quarterly debt write-off reports where debts are considered un-collectable, to the CFO in the format specified.

D23 The CFO is responsible for writing off irrecoverable bad debts up to the limits specified in Section F where necessary. All requests for write-off must be accompanied by a brief report in a format specified by the CFO that includes the following:

- a. A schedule of all debts to be written off, recovery action that has been undertaken and the reasons for the write-off request;
- b. The total debt outstanding, the current bad debt provision, the amount of provision required and the remaining balance.

Grants and External Funding

D24 External funding can be a very important source of income to Harrow. The main source of such funding for this Authority will tend to be specific government grants. Consideration needs to be given to the funding conditions to ensure they are compatible with the aims and objectives of the Authority.

D25 Any match funding requirements and exit strategies should be given due consideration prior to any bidding exercise or entering into any agreements and resources identified for future commitments.

D26 The Directors should consult the CFO on proposals to bid for external funding to support expenditure that has not already been included in the approved revenue budget or capital programme.

D27 The Council bids for funds from a number of UK and European programmes. Each funding regime is subject to rules and regulations and the process for submitting applications and drawing down funding varies.

D28 It is important to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the Council are clearly understood.

D29 The CFO shall maintain a register of grants awarded to the authority, which will include as a minimum the grant name, the grantor, the allocation by financial year, a brief description of the purpose of the grant, grant conditions, and the responsible officer. The CFO will ensure that Grants are properly recorded in the authority's accounts.

D30 Directors shall:

- not commit to expenditure in relation to a grant, beyond the term of a grant allocation, without the permission of the CFO, and will ensure that the necessary contractual break clauses are in place at the grant review dates,
- ensure that all applications for funding are consistent with the Council's priorities and approve them in principle before detailed work commences;
- ensure that the Council's project management framework is applied and that a project initiation document (start form) is completed where appropriate;
- consult the relevant Directorate Finance Business Partner when preparing applications to ensure that full costs are identified including any match funding required, and ongoing commitments are taken into account;
- notify the CFO of all applications prior to submission;

- ensure that the application is signed off by the CFO or an appropriate officer in the Directorate;
- ensure that the rules and regulations for the particular funding stream are complied with at application stage and throughout the life of the project;
- ensure that all requirements relating to the delivery of outputs and spend are met in line with the approved bid or project plan;
- ensure that all funding notified by external bodies is claimed and received; and
- Check the audit requirements and notify Corporate Finance of any claims that must be audited by the Council's external auditor.

D31 Grant expenditure and income is monitored and reported as part of the monthly monitoring process. All expenditure incurred must be in accordance with the terms and conditions attached to the grant and with Financial Procedure Rules and Contract Standing Orders.

D32 Proper records of expenditure must be kept to allow verification of amounts claimed by the grant giving body and the external auditor.

D33 Wherever possible and appropriate staff employed to meet the grant criteria for spending should be on fixed contracts intended to be terminated when funding ceases.

Section 106 and Community Infrastructure Levy (CIL)

D34 Section 106 of the Town and Country Planning Act 1990, section 278 of the Highways Act 1980 and section 75 of the Town and Country Planning Act 1997 permits local planning authorities to enter into enforceable 'planning obligations' with landowners and/or developers. A Community Infrastructure Levy (CIL) was set out in the Planning Act 2008 and subsequent regulations.

D35 The CFO will set out proper procedures for agreeing, collecting, recording, accounting and disbursing s106 and CIL monies, in accordance with legislation.

D36 The CFO will record, monitor and report on all s106 or CIL receipts and payments.

D37 Planning will notify the CFO of any agreements and will ensure that the procedures are followed. They are responsible for delivery of the agreements, including making payments and the billing and receiving of income.

D38 The Monitoring Officer will ensure that Obligations are registered as Local Land Charges.

Ordering and Paying for Work, Goods and Services

D37 The authority's procedures are designed to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the authority's procurement policy and contract procedure rules.

D38 Every officer and member of the authority must declare any links or personal interests that they may have with suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with appropriate codes of conduct.

D39 Sound systems and procedures are essential to an effective framework of accountability and control. The CFO is responsible for ensuring there are effective financial

systems and controls, although the operations may be carried out in another directorate than Corporate Finance.

D40 The CFO is responsible for:

- The operation of the Council's General Ledger and its accounting systems, the form of accounts and the supporting financial records. All the authority's transactions, material commitments and contracts and other essential accounting information must be recorded completely, accurately and on a timely basis. All prime documents must be retained in accordance with legislative and other requirements;
- Determining the accounting procedures and records for the authority. Where these are maintained outside the finance department, or outside the Authority, the CFO must approve the controls to be applied in consultation with the Corporate Director concerned; and
- Ensuring there is adequate separation of duties in evidence in the accounting procedures.

D41 Directors must

- adhere to the accounting policies and guidelines approved by the CFO, supply information as and when required, and ensure that the advice of the CFO is sought on the development and implementation of any localised systems of costing, accounting and financial control;
- ensure all local systems are integrated with the central accounting system as far as possible and reconciled to the central accounting system on a regular basis;
- ensure that the organisational structure reflects an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice;
- maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements and ensure the secure retention of all documents and vouchers with financial implications for the periods stipulated by the CFO, usually a minimum 6 years;
- ensure that their staff receive relevant financial training;
- ensure that use of computer and other information systems are registered in accordance with data protection legislation and government connects where relevant; and
- ensure that staff are aware of and comply with freedom of information legislation.

Purchase Orders

D42 It is mandatory to raise Purchase Orders on the Corporate Financial System prior to procuring goods and services, unless an exemption is approved by the CFO.

D43 Purchase Orders must be raised on the Corporate Financial System for all works, goods and services to be supplied to the authority, except for periodic payments such as rent or rates and petty cash purchases or unless specifically agreed with the CFO.

D44 Commitments will be automatically recorded onto the Corporate Financial System through the approval of the purchase order. This ensures that the finance system gives a true picture of the amount of expenditure incurred and the balance remaining against each budget head.

D45 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.

Goods Receipting

D46 Budget Managers are responsible for ensuring that:

- all works, goods or services received are “goods receipted” onto the Corporate Financial System;
- any mismatches between the order and the goods receipt are resolved in a timely fashion in accordance with the procedures;
- any mismatches between the goods receipt and the actual invoices are cleared on the system in a timely fashion in accordance with the procedures; and
- Any blocked invoices notified are dealt with in a timely manner.

Purchasing Cards

D47 Purchasing Cards can provide an effective method for payment for designated officers who, in the course of their official business, have an immediate requirement for expenditure which is relevant to the discharge of their duties.

D48 Purchasing cards are available for use by authorised council staff for emergency purchases (petty cash) value items and for travel and subsistence expenses.

D49 Each Directorate has a number of card holders and authorisers. Key controls are built into the system through card limits, merchant categories, defined suppliers, and other measures.

D50 The CFO is responsible for issuing guidance on the use of purchasing cards and authorising card holders.

D51 Directors must report any misuse of purchasing cards to the CFO. Misuse of a purchasing card would normally constitute gross misconduct and could result in dismissal.

D52 Directors are responsible for ensuring the cards are operated in a responsible manner, in accordance with corporate guidelines and that they are only used where there is sufficient budget available to cover the cost of the transaction.

D53 Purchase Card holders must use the card in accordance with corporate policies and are responsible for the security of their card. They must report all lost or stolen cards to the Service Manager Corporate Accounts payable and receivable in Shared Services immediately.

D54 The purchasing card accounts are settled through the bank on a weekly basis. Detailed statements are provided to enable cardholders to check transactions and coding.

Payments to Suppliers

D55 Payment to external organisations for goods and services accounts for a large percentage of the Council’s expenditure each year. Directors should ensure that Contract Procedure Rules are followed for all spending in their departments and that all ongoing arrangements are 100% compliant with a contract and order in place before the issuing of invoices.

D56 Notwithstanding the need to ensue VFM in all internal & external arrangements, Divisional Directors, Heads of Service and Service Managers should all ensure that the full requirements of contracts are met before payments are made and that any non-delivery areas are deducted from invoices. Annual and up-front payments to external organisations or contractors should not be made without prior agreement from the relevant Finance & Commercial Procurement Business Partners.

D57 Where a purchase order has been raised, the supplier will normally send an invoice to the Corporate Accounts Payable Department. Any invoices received elsewhere in error should be forwarded to the Corporate Accounts Payable Department. For large corporate contracts, the supplier may send a spreadsheet listing all transactions in place of individual invoices. The spreadsheet is forwarded to the Payments team and uploaded into the creditors system.

D58 Payment of all invoices and corporate contracts is made by the Corporate Accounts Payable Team or the SAP support team. The preferred method of payment for invoices is BACS and all suppliers/contractors are asked to complete a BACS form.

D59 The Direct Debit payment method is not allowed under normal circumstances. Exceptional circumstances must be authorised by CFO.

D60 Payment will not be made unless a proper VAT invoice quoting the appropriate purchase order number (or spreadsheet in an approved format) has been received, Corporate Accounts Payable will be responsible for entering all invoices into the Corporate Finance System and matching against purchase orders raised and the Goods Received. Any blocked invoices will be automatically notified to the requisitioner, responsible for the purchase order.

D61 Directors are responsible for ensuring that any blocked invoices notified to managers are dealt with in a timely manner.

D62 The CFO is responsible for ensuring that there is a separation of duties between the person authorising the Purchase Order and the person authorising the payment.

D63 Directors are responsible for ensuring that suppliers are requested to provide invoices for goods, services and works in a timely manner quoting the purchase order number.

D64 With respect to contracts for works, Directors should document and agree with the CFO the systems and procedures to be adopted in relation to certification of interim and final payments.

D65 Where a payment under a contract varies from the value specified in the contract, documentation must be obtained to explain the variation, approved as necessary, and retained on file to provide a full audit trail.

Single Payments or One-Time Vendors

D66 All payments to third parties for goods and services should be made to a supplier that has been set up in the financial system, to ensure that proper procurement process has been followed. Where single payments have to be made to an individual (and no further payments can reasonably be expected) then the Council's One-Time vendor process can be used. Examples of allowable payments are refunds, insurance claims and legal payments.

D67 The CFO is responsible for the provision of appropriate guidelines and systems controls to prevent the use of single payments to avoid the purchase to pay controls. These will ensure that there is appropriate segregation of duty between raising and authorising the payment.

D68 Directors must ensure that the One-Time vendor process is used appropriately, that guidance issued by the CFO is followed, and that all expenditure is appropriately authorised and falls within the definition of a One-Time Vendor. This will include ensuring that there is not an appropriate approved supplier that could be used on the system, no previous payments have been made and no future payments are likely.

Urgent or Emergency Payments

D69 In very rare circumstances, the Council may wish to make an urgent payment, for example when a child is at risk or if it would incur a penalty charge if it did not do so. The CFO is responsible for issuing guidance on urgent payments. All urgent payments must be authorised by the CFO.

Payments to Employees and Members

D70 Staff costs are the largest item of expenditure for most services. It is therefore important that payments are accurate, timely, and made only where they are due for services to the authority, and that payments accord with an individual's conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that members' allowances are in accordance with the scheme adopted by the full Council.

D71 The CFO is responsible for all payments of salaries and wages and expenses to staff, including payments for overtime, honoraria etc and submission of tax returns to HM Revenue and Customs by their due date for the above. The CFO is also responsible for the timely provision of information, and the maintenance of sound financial controls to meet the responsibilities in connection with taxation issues arising from payments to employees.

Taxation

D72 Local Authorities are exempt from corporation tax, income tax and capital gains tax.

D73 Under section 33 of the Value Added Tax Act, 1994 Local Authorities are able to fully recover VAT. Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are often severe. It is important that all relevant officers are kept up to date on tax issues and instructed on required record keeping.

D74 The CFO is responsible for

- a. providing information to HMRC as required including Pay as You Earn (PAYE), and the Construction Industry Tax Deduction Scheme;
- b. advising Directors of their responsibilities under the scheme;
- c. completing an accurate monthly return of VAT (inputs and outputs) to HMRC and ensuring that all payments are made within statutory deadlines;
- d. monitoring the VAT partial exemption calculation in respect of the Authority's de minimis limit of 5% to ensure that it is not exceeded. Completing the annual

VAT partial exemption calculation in respect of the Authority's de minimis limit of 5%.

D75 Directors and Budget Managers are responsible for ensuring that the appropriate controls and procedures are operated within the Department or relevant service area in relation to taxation issues. This will include seeking advice from the CFO on VAT matters and ensuring that the correct VAT liability is attached to all income due and that all VAT payable on purchases complies with HM Revenue and Customs regulations.

D76 The CFO will ensure that the Authority receives appropriate advice on the taxation implications of all significant policy and management initiatives involving partnerships and joint ventures.

Ex Gratia Payments

D77 An ex gratia payment is a payment made by the Authority where no contractual or legal obligation has been established. An example may be out of court settlement for costs associated with a member of staff acting on behalf of the authority or to a member of staff.

D78 Ex-gratia payments should generally not be made and must always be approved by the CFO and the Monitoring Officer above the limit specified in Section F.

Trading Accounts

D79 In some areas the Council may operate a trading account. This means that the costs and income from charges relating to the service are ring-fenced in the accounts. Any surplus or deficit is added to a reserve each year.

D80 The CFO is responsible for ensuring that trading accounts are treated properly in the Council's accounts.

D81 Directors are responsible for ensuring that, in line with the Local Government Act 2003, charges are set to recover costs without building up significant surpluses, and that any changes in take up of the service which could result in a deficit are reported at an early stage. All charges must be reviewed on a regular basis and annually as a minimum as part of integrated service and financial planning.

D82 Directors must ensure that work for third parties is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial and legal advice should be sought at an early stage. This will ensure that the Council only carries out work that is within its legal powers, and that financial issues such as insurance and taxation are properly considered.

D83 Directors must provide appropriate information to the CFO to enable a note to be entered into the Statement of Accounts where necessary.

Internal Recharges

D84 The CFO will establish a framework for budgeting and accounting for internal recharges for central support services and other departmental recharges in accordance with proper accounting practices and SeRCOP.

D85 The CFO will arbitrate on disputed recharges where these cannot be satisfactorily resolved between departments within the specified timescale.

D86 The Chief Officer will maintain proper service level agreements for all significant internal services.

D87 The CFO will ensure accurate and timely recharges are made for Central Support Services.

D88 Directors will:

- Notify and agree with client departments in advance of any service provision of all recharges.
- Notify and/or respond to disputed recharges in accordance with the timescales laid down by the CFO.
- Ensure that internal recharges for their services are processed on a monthly basis.
- Ensure that budgets for the purchase and provision of internal services are agreed between purchaser and provider and properly reflected in annual budgets and business plans and budget monitoring statements.

Journals

D89 Journals are used to correct the coding of income and expenditure, recharges or to carry out balance sheet transactions on the financial System. The CFO will establish a process to ensure that:

- (a) Journals can only be generated within agreed levels of delegation and security;
- (b) Only authorised inputters and authorisers can generate journal entries;
- (c) An authorised list of inputters and authorisers is maintained on the corporate finance system to verify compliance;
- (d) There is a separation of duties between inputters and authorisers of journals, and
- (e) The corporate financial system will only allow 'balanced' journals to be accepted.

E. External Arrangements

Contractual Relationships

E1 Directors must ensure that work carried out by third parties for the Council is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial, legal and procurement advice should be sought at an early stage. This will ensure that the organisation only carries out work that is within the relevant legal powers, and that financial issues such as responsibility for managing budgets, insurance and taxation are properly considered. All contractual arrangements should be consistent with the Contract Standing Orders.

Partnership Arrangements

E2 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of the Borough.

E3 The Cabinet is responsible for approving delegations, including frameworks for partnerships.

E4 The CFO must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are proper. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

E5 Directors must ensure that the full implications of any partnership are explored and that Finance and Legal officers are consulted at an early stage. The following issues should be addressed:

- Is a partnership the best vehicle for achieving the desired outcome?
- What are the objectives of the partnership and are they consistent with the Council's priorities?
- What is the legal status of the partnership and how will it be governed?
- What is the liability of the Council and the other partners?
- Are the roles and responsibilities clear?
- What are the risks and how will they be managed and monitored?
- How will the performance of the partnership be monitored and how will success be measured?
- Who employs and manages the staff?
- How will the partnership be funded and who is responsible for the financial management, accounts and audit arrangements?
- Are there any taxation issues?
- Is there a robust business case?
- How will goods and services required by the partnership be procured?
- What are the resource implications in terms of staff, premises etc?

E6 Directors are responsible for appropriate approvals before any commitment or agreement is entered into.

E7 A partnership arrangement must not be used as a means of avoiding the procurement rules. Chief Office Responsibilities are to:

- (a) Report all new partnerships proposals as required by the Scheme of Delegation.
- (b) The value of the partnership for this purpose is the sum of the Council's contribution over the life of the partnership (whether capital or revenue) and the value of any contributions in kind e.g. premises, staffing, IT systems etc.
- (b) Ensure that all new partnerships have a written agreement between the partners covering the following points
 - i) the duration, purpose and benefits to be derived from the partnership;
 - ii) the governance arrangements, including the accountable body;
 - iii) Agreed service targets and performance reporting;
 - iv) Financial reporting, partner contributions over time, ownership of assets, and fees and charges;
 - v) Arrangements for joining, leaving and winding up the partnership;
 - vi) Employer and terms of conditions of any staff;
 - vii) Insurance arrangements;
 - viii) Treatment of VAT and any other tax implications of the partnership.

Public Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT)

E8 A PFI scheme is one where the local authority is purchasing a capital intensive service from the private sector over the period of a long term contract, normally between 25 to 30 years.

E9 The CFO and Cabinet authorisation is required for PFI projects.

E10 Chief Officer must notify the CFO of any proposed PFI projects before negotiation or funding requests are made and seek cabinet approval, supported by a business case and an option appraisal. The Chief Officer must seek Financial, Legal and Procurement advice from the outset.

Grants to outside Bodies

E11 Grants to voluntary bodies and community organisations must be effectively managed, in a similar way to partnerships and procurements.

E12 Decisions to approve assistance to an outside body by grant must follow the agreed procedures and scheme of delegations:-

- i) The receiving body has been properly identified, has suitable lead parties, a defined work area or purpose, and suitable trust documents or constitution;
- ii) Any conflicts of interest have been declared and properly managed;
- iii) Any risks to such agreements and to the Council's interests are being adequately and appropriately managed;
- iv) The assistance contributes to the delivery of the Council's services or to the achievement of the Council's corporate objectives;
- v) The extent and purpose of the assistance have been properly identified;
- vi) Arrangements for the repayment of any loan have been made;
- vii) Arrangements to gain repayment or recovery for the value of the assistance are in place in the event of default by the recipient;
- viii) Any specific conditions relating to the assistance have been identified;
- ix) Monitoring arrangements have been put in place, linked to stage payments, to ensure the assistance is used for the purpose approved;
- x) the recipient will provide evidence to the Council demonstrating proper accounting for, and use of, the assistance, including, access to the accounts of the body for the

CFO, or designated representative, and to supporting information, documents and evidence;

xi) A legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of grant or other assistance;

xii) full records will be maintained of all grants and related applications for assistance, which should identify which staff are involved in the processing of applications and grants, and record the date of approval of any grant or other assistance, and by whom, and any other relevant transaction information;

xii) Members will approve all grants and assistance to external bodies in accordance with the agreed grants programme guidance;

E13 The Responsibilities of the CFO are:

- To advise on effective controls;
- To advise on any funding implications of grants or assistance;
- To ensure the accounting arrangements are satisfactory;.

E14 The responsibilities of Directors are:

- To ensure that the key controls set out above are implemented in respect of all grants made and assistance provided;
- To undertake any research, e.g. by making enquiries of the Charity Commissioners, into the financial standing of proposed grant receiving bodies;
- To ensure the use of any corporate standard agreements drawn up by the CFO (as updated from time to time), with any specific conditions incorporated therein.

Accountable Body

E15 The Council may from time to time may choose to act as the Accountable body for a third party, for example to support local partnership arrangements, pooled budget arrangements or as a condition of grant funding. These arrangements may from part of our contribution in kind to a valued partnership. However, there is work required to support the accountable body role and assuming this responsibility also carries financial risks

Chief Financial Officer

E16 The CFO must approve all Accountable Body arrangements before they are entered into on behalf of the authority

E19 In doing so the CFO will confirm:

- There is a suitable formal agreement in place covering duties and responsibilities or all the parties for financial matters (See Partnership Section)
- the resources are available to undertake the Accountable Body role;
- There are adequate arrangements are in place to recoup the Accountable Body costs from the 3rd party or include them as part of the Council's contribution to the 3rd party arrangements;
- Appropriate checks and safeguards are in place to prevent financial loss to the Council arising from its duties as Accountable Body, the arrangements, such as grant claw back, overspends, loss of assets or fraud;
- The Council retains the power to retain funding where there is a breach of governance arrangements.

Directors Responsibilities

E20 To refer all Accountable Body agreements to the CFO for approval before they are entered into.

E21 To provide the CFO with all information and documentary evidence requested in order for the CFO to undertake the Accountable Body role.

Emergency Planning

E22 In the event of a catastrophic incident being declared, the CFO is authorised to make emergency payments under the London Councils Gold resolution, to be reimbursed by central government.

E23 Nothing in these regulations shall prevent expenditure being lawfully incurred by the Head of Paid Service in respect of an emergency under section 138 of Local Government Act, 1972, in accordance with the agreed scheme of delegation and emergency plans.

E24 The CFO must ensure systems are in place keep proper records are of all such emergency expenditure to allow for the submission of a formal claim under the Bellwin or other relevant scheme.

F25 Directors must ensure that records of all payments and receipts are kept and made available to the CFO in order to facilitate any future claim for assistance.

F Scheme of Delegation for Financial Transactions

F1 Where there is an adequate budget provision, the officers shown below may authorise financial transactions up to the limits indicated in relation to the approved policies and activities of the Council. Where the decision to spend is a key decision then, it will go to the Cabinet for approval.

Scheme of Delegation for Financial Transactions

F3 The officers shown below may authorise financial transactions up to the limits indicated in relation to the approved policies and activities of the Council and provided there is adequate budget provision.

F4 Financial delegations in relation to Maintained Schools are maintained locally by the appropriate Governing Body.

Delegation	Approval of Orders	Approval of unsupported invoice	Contracts Value	Petty Cash Payment	Virements,	*Counter signed
System Role	EBP Approver	Completed Off line	Completed Off line	Completed Off line	Completed Off line	
CFO	unlimited	unlimited	£100,000	Above £500	£500,000	
CE	unlimited	unlimited	£500,000	Above £500	*£100,000	CFO
Corporate Directors; Head of Paid Service; Monitoring Officer	unlimited	unlimited	£100,000	Above £500	*£100,000	CFO
Director	£500,000	£100,000	£100,000	£500	*£50,000	Corporate Director & CFO
Divisional Director (SPM1)	£300,000	£50,000	£100,000	£500	*£50,000	Corporate Director & CFO
SPM 2/3 Head of Service	£100,000	£20,000	£50,000	£100 cash £250 cheque	*£25,000	Divisional Director & CFO
SPM 4/5 Service Manager/ Team Leader	£50,000	£10,000	£25,000	£50 cash £100 cheque	*£10,000	Divisional Director & CFO

Approval Required for schemes in the approved capital programme	Amount £
CFO	< £500,000
CFO, Leader and Portfolio Holder for Finance	>=£500,000 < £1,000,000
CSB and Cabinet	>= £1,000,000
Capital De Minimis - Assets or a group of like assets will be treated as revenue below this level	£2,000
Ex Gratia Payments – CFO & Monitoring Officer	£1,000 <£100,000
Ex Gratia Payments – CFO, Monitoring Officer & Cabinet	>=£100,000

Debt Write off

F5 Write-offs are subject to approval as follows:

Category	Limit (£)
CFO	0 - 10,000
Portfolio Holder with responsibility for Strategy, Partnership and Finance	10,001 – 25,000
Cabinet	>25,000

F6 The limits apply to individual debts or category of debts. A quarterly report will be submitted to Cabinet summarising write offs below £25,000.

Assets

F7 The CFO shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below.

£1,000

Land and Property Disposals

F8 Corporate Directors in conjunction with the portfolio holder has delegated authority for General Land and Property disposals

£0.250m. - Anything above £0.250m must be reported to the Cabinet for approval.

Fixtures and Fittings Disposals

F9 All property, plant or equipment assets disposed of over the value of £10,000 must be cleared with the CFO

Money Laundering

F10 The maximum amount receivable from a single customer in coin, notes, or travellers cheques in respect of goods or services.

£5,000

Associated Procedure Notes

Financial Procedure Rules section		Procedure Notes	Lead Officer	Reference
Corporate Strategies and Plans				
No.	Financial Procedure Rules section	Procedure Notes	Lead Officer	Reference
S1	Risk Management and Internal Control	Risk Management Strategy	Head of Internal Audit	Uk corporate governance Code, 2010, Neale Burns http://harrowhub/info/200193/risk_management/313/risk_management/2
	Risk Management and Internal Control	Statement of Risk Appetite	Risk Manager	Uk corporate governance Code, 2010, Neale Burns http://harrowhub/info/200193/risk_management/313/risk_management/2
S2	Financial Planning and Management	Medium Term Financial Strategy	Director	
S3	Financial Planning and Management	Capital Strategy	Deputy 151 Officer	
S4	Financial Planning and Management	Treasury Strategy	Treasury and Pension Fund Manager	
S5	Financial Planning and Management	Pensions Funding Strategy	Treasury and Pension Fund Manager	
S6	Financial Planning and Management	Asset Management Plan	CFO/Head of Property	

Policy and Procedures				
No.	Financial Procedure Rules section	Procedure Notes	Lead Officer	Reference
P1	Roles & Responsibilities	Scheme of Delegation	Monitoring Officer, Corporate Directors, Directors and Divisional Directors	
P2	Other Financial Accountabilities	Closure of Accounts and Accounting Policy	Head of Technical Finance and Accountancy	
P4	Risk Management and Internal Control	Anti-Fraud and Corruption Policy	Head of Internal Audit	
P5	Risk Management	Whistleblowing	Head of Internal Audit	

	and Internal Control	Policy and Procedure		
P6	Risk Management and Internal Control	Fraud Investigation guidelines	Head of Internal Audit	
P7	Risk Management and Internal Control	Proceeds of Crime Act and Anti Money – Laundering Policy	Head of Internal Audit	
P8	Financial Planning and Management	Financial Planning	Deputy 151 Officer	
P9	Financial Planning and Management	Capital Programme	Deputy 151 Officer	
P10	Financial Planning and Management	Fees and Charges Policy	Deputy 151 Officer	
P11	Financial Planning and Management	Budget Monitoring	Deputy 151 Officer	
P12	Financial Systems and Business processes	Debt Management overall Policy Sundry Credit Policy	Deputy 151 Officer	
P13	Financial Systems and Business processes	Goods Receipt and Invoice Receipt	Head of Technical Finance and Accountancy	
P14	Financial Systems and Business processes	Payment of Invoices	Accounts Payable/Accounts Receivable Manager	
P15	Financial Systems and Business processes	Purchase Cards	CFO	
P16	Financial Systems and Business processes	Expenses, travel and subsistence allowances	Divisional Director (Human Resources and Development)	
P17	Financial Systems and Business processes	Management of the Banking Contract and Operation of Bank Accounts	Treasury and Pension Fund Manager	
P18	Financial Systems and Business processes	Cash Book	Divisional Director (Shared Services)	
P19	Financial Systems and Business processes	Bank Reconciliation	Head of Technical Finance and Accountancy	
P20	Financial Systems and Business processes	Retention of Documents	Head of Internal Audit	
P21	Property and Resources	Asset Management,	Head of Property and Infrastructure	

		including Disposal		
P22	Property Resources and	Stocks and Stores and Inventories	Head of Internal Audit	
P23	Property Resources and	Treasury Management policy and practices	Treasury and Pension Fund Manager	
P24	Property Resources and	Use of Consultants	Divisional Director (Human Resources and Development)	
P25	Chart of Accounts/SAP Hierarchy Control		Head of Technical Finance and Accountancy	
P26		Establishment Control	Divisional Director (Human Resources and Development)/CFO	

Registers and Lists

Registers and Lists				
No.	Financial Procedure Rules section	Register Name	Lead Officer	Reference
R1		Grants Register	Head of Technical Finance and Accountancy	
R2		Asset registers	Directors	
R3		Register of contingent assets and contingent liabilities	CFO	
R4		Register of Audit recommendations	CFO	
R5		Register of interests	Monitoring Officer	
R6		Risk Register	Head of Internal Audit	
R7		Local Land Charges Register	Monitoring Officer	
R8		Lists of authorised officers, with specimen signatures and delegated limits	Monitoring Officer	
R9		Schedule of disposals	Corporate Director of Environment and Enterprise	
R10		Petty Cash Procedures	Deputy 151	

R11		S106 and CIL	Deputy 151	
R12		Purchasing Cards	CFO/Procurement	See procurement. CAPCAR
R13		Terrier	Monitoring Officer	

G:\FER & SAP Refresher Training\Financial Procedure Rules\Associated Procedure Notes

Section G - Glossary and Abbreviations

Accounting Officer

Every central Government organisation is required to have an Accounting Officer, who is usually the senior official in the organisation. They have personal responsibility for the overall organisation, management and staffing of the department and for department-wide procedures in financial and other matters.

Accounting Records

All of the prime documentation, whether paper, electronic or in another form, involved in the preparation of financial statements or records relevant to audits and financial reviews. Accounting records include records of assets and liabilities, monetary transactions, ledgers, journals, and any supporting documents such as purchase orders, goods receipt notes,, cheques, invoices and receipts.

Accrual

Procedure for accounting in one financial year for expenditure actually made or income actually received in the following year although due or chargeable in the year of account – entries made in the year of account are reversed in the following year.

Agency Staff or Worker

Under Regulation 3 of the Agency Workers Regulations 2010, an “agency worker” is defined as an individual who is supplied by a temporary work agency to work temporarily for and under the supervision and direction of a hirer. They have a contract of employment with the agency or a contract to perform work and services personally with the agency. See also Consultant

AMP (Asset Management Plan)

Corporate and departmental plans outlining how the Council plans to manage its assets.

Audit Committee

In Harrow the Governance, Audit and Risk Management Committee is the Audit committee.

Balances

Amounts carried forward in the accounts from one financial year to another

Budget

The Council’s spending plans for a financial year. The revenue budget, when approved by the full Council and after deduction of Revenue Support Grant and redistributed Business Rates, determines the Council Tax for the year. The capital budget represents the approved amount of capital expenditure for a year together with how it will be funded. (Budget can refer to the total budget or to a service or part of a service).

Budgetary Control

Comparison of actual expenditure and income against approved budgets during the year and the taking of action to resolve any variations which arise.

Capital Expenditure

Expenditure on making, buying or substantially improving fixed assets.

Capital Programme

Sets out the Council's capital expenditure plans for the near future.

Capital Receipts

The net proceeds arising from the sale of land, buildings and other fixed assets owned by the Council and any other income deemed by statute to be of a capital nature.

Capital Resources

Amounts available to finance capital expenditure - including borrowing, capital receipts, capital grants and revenue.

Cash Limit

A budget set at a fixed level with no scope for subsequent increase.

Charges

Income raised from the users of services both external or internal, which may be either set by central government or set by the authority.

Chart of Accounts

The organisation and numbering of accounts held in the general ledger. For local authorities recommended best practice is contained within CIPFA's "Statement of Recommended Practice" (SeRCOP)

Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) is the organisation's most senior executive role charged with leading and directing financial strategy and operations. All Local Authorities must appoint a Chief Finance Officer (CFO) under Section 151 of the Local Government Act 1972. The CFO is critical to:

- Maintaining strong financial management underpinned by financial controls to maintain probity. This includes corporate risk management, partnership arrangements, effective prudential borrowing and fund management, internal audit function, anti-fraud and corruption, financial systems, sound financial records and information
- Leading and managing an effective and responsive financial service.
- Supporting and advising officers in their operational roles.
- Supporting and advising democratically elected representatives.
- Contributing to corporate management and leadership, ensuring that finance advice carries the appropriate weight and is of the proper standard.

Chartered Institute of Public Finance and Accountancy (CIPFA)

One of the six chief accountancy institutes which make up the Consultative Committee of Accountancy Bodies. CIPFA is responsible for the education and training of professional accountants in the public sector and for setting accounting standards for local government. Much of the guidance issued by CIPFA has statutory force.

Consultant

Temporary workers genuinely engaged on a self-employed basis as a consultant or interim, those working on a Council 'as and when contract' or through a managed service contract, for example Capita employees.

Contingency

Amount set aside within an approved budget but not assigned for a specific purpose which may cover, for example, inflation increases or sums retained centrally for allocation during the year.

Contingent Liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control

De Minimis

Numerical limit below which the relevant rule or regulation does not apply.

Document Retention Schedule

Details the time, dictated by statute or good practice, for which prime records for various areas of the Council's activity should be retained for possible examination.

Estimate

Anticipated expenditure or income - generally synonymous with "budget".

Executive, The

the decision making body of the Council, consisting of elected members, in accordance with the Constitution. It can legally take the form of a leader and cabinet, an elected mayor and cabinet, or an elected mayor and council manager.

Finance Lease

A form of credit arrangement where the Council accepts the risks and rewards of ownership of an asset for a major part of the economic life of the asset in return for a periodic payment.

FRS (Financial Reporting Standard)

Accounting standards adopted by Accounting Standards Board.

Head of Internal Audit

The Head of Internal Audit is a senior manager who heads the Internal Audit Service. They must be professionally qualified and suitably experienced. They support the delivery of the Council's strategic objectives by providing objective scrutiny and advice and championing best practice on all aspects of governance, risk management and internal control.

Head of Paid Service

The Chief Executive undertakes the statutory role of Head of Paid Service and is responsible for the leadership and general administration of the Authority.

Maintained Schools

Maintained schools are funded by central government via the local authority. Maintained schools are accounted for within the Council's accounts.

Medium Term Financial Strategy (MTFS)

The MTFS is a forward looking financial strategy for the Council covering at least three years that both revenue and capital

Monitoring Officer

The Monitoring Officer is a designated officer of the Authority appointed under section 5(1) of the Local Government and Housing Act 1989. The Monitoring Officer has responsibility for ensuring the legality of the actions of the Authority and its officers, and for ensuring that the policies of the Authority are properly developed and implemented. The monitoring officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the standards committee and the CFO.

MTFS

See Medium Term Financial Strategy

Money Laundering Reporting Officer

Businesses that are regulated by the Money Laundering Regulations must appoint a nominated officer to receive and make reports on suspicious activities.

Operating Lease

An agreement whereby the leaser retains the risks and rewards associated with ownership of an asset and normally assumes responsibility for repairs, maintenance and insurance.

Overspending

The excess of actual expenditure at the end of a year or contract which is greater than the approved budget, or actual income which is less than the approved budget.

Provision

The setting aside of financial resources to meet the potential cost of a past occurrence likely to lead to a future obligation of which the timing or amount cannot be precisely quantified.

Reserves

Amounts set aside for specific purposes to meet future expenditure which do not qualify as provisions (also called earmarked reserves).

Revenue Budget

Approved amount of revenue expenditure for a financial year.

Revenue Expenditure

Any expenditure that does not meet the capital test must be charged to the Consolidated Revenue Account, including capital charges and any capital expenditure not met from capital resources.

Scheme of Delegation

A formal document recording the agreed handing down of statutory (where allowed) and other responsibilities by the Council to the Cabinet, Cabinet Members, Committees, Panels and Officers.

Slippage

Expenditure on a capital scheme delayed from one financial year into the next but which does not affect the total cost of the **scheme**.

Trading Accounts

Under the SeRCOP Councils may choose to maintain trading accounts for services that provide goods and service under a commercial or semi commercial agreement:

Underspending

The amount that actual expenditure is less than the approved budget for a given period or conversely actual income is above the approved budget. This represents amounts that will never be incurred or received and should be distinguished from Slippage, which is merely delayed expenditure.

Virement

The approved transfer of budget from one area to another.

Wednesbury Rules

When developing policy or taking decisions, under the Wednesbury Rules, all officers should ensure that the authority took into account those matters it should, ignored those it shouldn't and came to a reasonable conclusion.

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**Financial Regulations
Draft October 2014**

1. Purpose

The purpose of this document is to set out the Financial Regulations of the Council having due regard to the overall regulatory framework of Local Authorities, as well as Harrow's own approach to financial management.

To conduct its business effectively, the Authority needs to have sound financial management policies in place that are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. The Regulations contained herein have been drawn up to ensure the financial matters of the Authority are conducted properly, reflect the application of best practice and the requirements of legislation. These include but are not restricted to:

- a. s151 Local Government Act, 1972;
- b. s113 Local Government Finance Act, 1988;
- c. s114 and S114 (7) Local Government Finance Act, 1988;
- d. Local Government Act, 2003 (England and Wales);
- e. Proceeds of Crime Act, 2002;
- f. Accounts and Audit (England) Regulations, 2011, SI 2011/817 DCLG;
- g. Approved Accounting Standards – International Accounting Standards Board
- h. Code of Practice on Local Authority Accounting – CIPFA;
- i. Public Sector Internal Audit Standards (PSIAS) – CIPFA and IIA;
- j. Code of Recommended Practice for Local Authorities on Data Transparency – CLG;
- k. Money Laundering Regulations, 2007 SI 2007/2157;
- l. Prudential Code for Capital Finance in Local Authorities – CIPFA ;
- m. Service Reporting Code of Practice – CIPFA;
- n. Statement on the Role of the Chief Financial Officer – CIPFA;
- o. Standing Guide to Commissioning Local Authority Work and Services – CJC;
- p. Treasury Management in the Public Sector Code of Practice – CIPFA

They also seek to reinforce the standards of conduct in public life required by the Authority of its Members and officers, and in particular the need for openness, accountability and integrity.

2. Status

Financial Regulations provide the framework for managing the Authority's financial affairs and form part of the Authority's Constitution. They apply to every Member and officer of the authority. The Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory framework of the Authority that includes the role of committees, codes of conduct for Members and officers, schemes of delegation and Contract Procedure Rules ("CPRs"), as well as detailed procedure guides. The role of the Chief Finance Officer ("CFO") is defined in detail in the Council's Constitution.

Compliance with Financial Regulations is mandatory. Breaches of Financial Regulations of a serious nature may result in action being undertaken under the Conduct procedure. Breaches shall be reported in the first instance to the CFO who will decide what further action needs to be taken, in consultation with the Monitoring Officer.

3. Contents

Section A	Financial Management Framework	p5
Section B	Financial Management,	p7
Section C	Corporate Governance, Risk Management & Control of Resources	p16
Section D	Financial Administration	p32
Section E	External Arrangements	p43
Section F	Approval and Delegated Limits	p48
Section G	Glossary	p56

References are made throughout the individual sections to delegated limits of authority. The actual value of each limit is contained in Section F in order to avoid reviewing the whole set of Financial Regulations when changes to delegated limits are approved by Council.

Section A. Financial Management Framework

- A1 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.
- **Policy Framework**
- **Roles and Responsibilities**
- A2 The role and responsibility of Council are described in Article 4 of the Constitution
- A3 The role and responsibilities of the statutory officers are laid out in Article 12 of the Constitution.
- **Chief Financial Officer/ s151 Officer (“CFO”)**
- A4 The CFO is the Authority’s’ most senior executive role charged with leading and directing financial strategy and operations. This role is a statutory role under section 151 of the Local Government Act, 1972.
- **Directors:**
- A5 For the purpose of these regulations only, Directors includes the Head of Paid Service, all Corporate Directors, Divisional Directors and Head Teachers of Maintained Schools.
- A6 Directors are responsible for ensuring that Executive Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the CFO.
- A7 It is the responsibility of Directors to consult with the CFO and seek approval on any matter liable to affect the Authority’s’ finances materially, before any commitments are incurred. They must also provide the CFO with the access they require to all locally held financial records and systems.
- A8 Directors' responsibilities also include:
 - ensuring their staff including consultants or temporary staff are aware of the existence and content of the Authority’s’ Financial Regulations and other internal regulatory documents and that they comply with them;
 - notifying the CFO of any situation that may create a contingent liability, potential claim or an overspend of their budget;
 - signing contracts on behalf of the Council within the approved Officers’ Scheme of Approval and Delegation and Contract Procedure rules;
 - complying with any Council wide spending restriction protocol determined by the CFO;
 - ensure that there is an effective management hierarchy and budget management.

- A9 A delegation in Financial Regulations to a Chief Officer shall permit further delegation to other officers, provided that the terms of the delegation are clearly documented and authorised. Directors remain accountable for their operation.

- **Other Accountabilities**

- **Virement**

- A10 The full council is responsible for agreeing procedures for virement of expenditure between budget headings

- **Treatment of year-end balances**

- A11 The full council is responsible for agreeing procedures for carrying forward under- and overspendings on budget headings.

- **Accounting policies**

- A12 The CFO is responsible for selecting accounting policies and ensuring that they are applied consistently subject to the approval of the Governance, Audit, Risk Management and Standards Committee. (GARMS).

- **Accounting records and returns**

- A13 The CFO is responsible for determining the accounting procedures and records for the authority subject to the approval of GARMS.

- **The Annual Statement of Accounts**

- A14 The CFO is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and in accordance with statutory deadlines.

- A15 GARMS is responsible for approving the annual Statement of Accounts within the statutory deadlines.

- **Budget Managers**

- A16 Budget managers are responsible for the delivery and monitoring of their service revenue and capital budgets and achieving the level of service/performance required to be delivered within them.

- **Individual's responsibilities**

- A17 All employees involved with finance should be aware of the regulations and relevant procedures for their work area. If an officer is unclear about some aspect of these rules they should seek advice before acting from their line manager, Finance Team or Head of Internal Audit.

- A18 All Members and staff 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.

- **Schools**

- A19 Delegated budgets of schools, in accordance with the Schools Standards and Framework Act 1998, remain part of the authority. The statutory responsibilities of the CFO apply to schools in the same way as any other part of the Council.

Section 2 Financial Management

- B1 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.
- **Policy Framework**
- B2 The full council is responsible for agreeing the Authority's policy framework and budget, which will be proposed by the Executive. In terms of financial planning, the key elements are:
 - the Corporate Plan;
 - the Revenue Budget; and
 - the Capital Programme.
 - the Medium Term Financial Strategy ("MTFS")
- B3 The full Council is responsible for approving the policy framework and budget. In addition, local authorities can specify additional plans or strategies (statutory or non-statutory) to be adopted or approved by the full council. The detailed policy framework can be found in Article 4 of the Constitution.
- B4 All Members and officers have a duty to abide by the highest standards of probity dealing with financial issues. This is facilitated by ensuring that all officers are clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.
- B5 Members, the Corporate Strategic Board (CSB) and the CFO shall receive updates on the financial performance of the Authority by receiving regular budget monitoring and outturn reports, and also the annual External Audit management letter.
- B6 The Head of Paid Service will ensure there is an effective performance management framework in place that brings together financial and non-financial information in a meaningful way to assist financial planning and management.
- B7 The CFO shall ensure that all officers:
 - are aware of, and comply with, proper financial management standards, including these Financial Regulations;
 - are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.
- B8 Directors shall ensure that specific duties and responsibilities in financial matters are made clear to individual officers and that these are properly recorded. This includes ensuring that financial information is made available to the CFO to enable accurate and timely monitoring and reporting of comparisons of national, regional and local financial performance indicators.

- B9 All officers, but especially the statutory officers should be mindful of the 'Wednesbury' rules which emphasise the importance of ensuring that when developing policy all relevant matters are properly considered. (See Glossary).

- **Financial Planning**

- B10 The Head of Paid Service will ensure that there are processes in place to develop corporate priorities, a corporate strategy and directorate service plans.
- B11 The CFO will ensure that procedures are in place for an integrated financial planning process, linked to the corporate strategies and service plans.
- B12 The annual Revenue Budget, MTFS, capital programme, Treasury Management Strategy and Housing Revenue Account must be recommended by the Cabinet to Council in accordance with the statutory timetable. The Council must agree the final Revenue Budget and Council Tax prior to the 10th March.

- **Medium Term Financial Strategy (MTFS)**

- B13 The CFO shall ensure that there are sound medium to long term financial plans for both revenue and capital and that these are subject to regular review, including the continuing relevance of the underlying assumptions.
- B14 The CFO shall determine the format of the Medium Term Financial Strategy to be presented to the Authority, in consultation with the Head of Paid Service. The format is to comply with all legal requirements and with latest guidance issued by the Chartered Institute of Public Finance & Accountancy (“CIPFA”).
- B15 The CFO is responsible for issuing financial planning guidance, co-ordinating the MTFS process, ensuring that it is integrated with service planning and that there is effective consultation with Members, officers and other stakeholders. He/she is ultimately responsible for ensuring that a lawful budget is approved by Council.
- B16 It is unlawful for an authority to set a deficit budget. Under section 25 of the Local Government Act 2003 the CFO is responsible for advising the Cabinet and the Council on the robustness of the budget and on the adequacy of the levels of reserves.
- B17 The CFO, in consultation with Directors, is responsible for providing timely advice on the available funding options for the budget for at least three years after the current financial year. This includes advice on central government funding, capping, general grant, fees and charges and other grants, options for borrowing and appropriations to and from reserves and use of provisions; based upon an interpretation of government funding assumptions and the information available at that time. This will include potential implications for local taxation.
- B18 The CFO will actively seek to increase and diversify the Authority’s resource base, within an appropriate risk management strategy.
- B19 The CFO shall ensure that roles and responsibilities in budget development, management and monitoring are clear and that there is adequate financial advice and support to officers and Members.
- B20 Directors are responsible for responding to the guidance, meeting deadlines, drafting integrated service and financial plans, and identifying and quantifying issues and risks which have an impact on the budget over the medium term.

- B21 Directors have overall responsibility for ensuring that their proposals are robust and that they have identified all of the issues and for giving this assurance to the CFO. This will include:
 - policy requirements approved by the Authority as part of the policy framework;
 - unavoidable future commitments, including legislative requirements;
 - initiatives already underway;
 - spending patterns and pressures revealed through the budget monitoring process;
 - proposed service developments and plans which reflect public consultation;
 - the need to deliver efficiency and/ or productivity savings;
 - government grant allocations and other external income; and
 - revenue implications of the draft four year capital programme;
- B22 Directors must ensure that the guidelines and associated instructions are fully cascaded through their Budget managers so that they understand and are involved in the budget setting process from the bottom up.
- B23 Given that there is likely to be a gap between available resources and required resources, Directors must ensure that spending plans are prioritised carefully.
- **Capital Strategy**
 - B24 The CFO will revise annually, in consultation with Directors, the corporate Capital Strategy within the agreed timetable. The strategy will cover a minimum of four years and should show how capital investment will be prioritised to deliver the Authority's objectives and priorities. The CFO will seek approval from Cabinet to recommend to Council the Capital Strategy.
 - B25 Directors will contribute to the development of the Capital Strategy within the corporate deadline and will ensure it is consistent with Directors' other plans and strategies.
- **Annual Revenue Budget Preparation and Approval**
 - B26 The budget is the financial expression of the Council's plans and policies. The Council has adopted an integrated planning framework to ensure that the corporate plan and MTFs are developed in tandem.
 - B27 The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the virement rules operate. The general format of the Budget will be approved by the Council on the advice of the CFO. The proposed budget will include allocations to directorates at service level, proposed taxation levels, contingency funds and allocations to reserves and balances.

- B28 The Executive must before 31st January each year approve the Council tax base and calculate the estimated level of non-domestic rates (NDR) it anticipates to collect for the following financial year. The CFO will inform DCLG, precepting and levying bodies of the approved Council tax base and NDR income.
- B29 The CFO will determine the probable Collection Fund surplus or deficit for the year, notify precepting bodies, and report to the Executive before the 31st January, or such other date as is specified in legislation.
- B30 The Executive will make recommendations to the Council regarding the annual budget for the following financial year and the Council tax required to finance it, including any prudential borrowing.
- B31 At a meeting on or before 10 March each year, the Council will approve the budget and any prudential borrowing proposal and set the resulting Council tax for the following financial year.
- **Format of the Annual Budget**
- B32 The format of the budget determines the level of detail to which financial control and budget management will be exercised.
- B33 The CFO will:
 - advise Members on the format of the budget to be proposed by the Executive to be approved by full Council in accordance with statutory requirements. The draft budget should include allocations to different services and projects, proposed taxation levels and contingency funds; and
 - determine the detailed form of revenue and capital estimates and the method for their preparation. They shall be consistent with the approved budget.
- B34 Directors will comply with the guidance issued by the CFO and provide the information required to produce a balanced budget, in the format and to the timescales specified.
- **Budget preparation**
- B35 The CFO is responsible for ensuring that a revenue budget is prepared on an annual basis and consistent with the MTFs, before submission to the full Council.
- B36 The full Council may amend the budget or ask the Executive to reconsider it before approving it.
- B37 The CFO is responsible for issuing guidance on the general content of the budget as soon as possible following approval by the full Council. They will ensure that:
 - the Budget format will be consistent with statutory and CIPFA guidance and will be on a Total Cost basis. All expenditure budgets and revenue costs must be gross, and not reduced by any income, even where the income is in respect of a successful insurance claim or other reimbursements or abatements of expenditure;

- a Corporate Budget Book is issued at the start of each financial year at an appropriate level of detail; and
- the revenue budget will be presented and approved at service level by full Council following the recommendation by the Cabinet and having considered the advice of the CFO. This will determine the level of detail to which financial control and management can be exercised.
- B38 It is the responsibility of Directors to ensure that budget estimates reflecting agreed service plans are submitted to the Executive and that these estimates are prepared in line with guidance issued by the CFO.

- **Preparation of the Capital Programme**

- B39 Capital expenditure, involves the acquisition, creation or the significant enhancement of fixed assets with a long-term value to the Authority, such as land, buildings, and major items of plant, equipment, vehicles or intangible assets such as IT systems or software licences. 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.
- B40 Any expenditure on a single capital item, or a group of similar items within a financial year, that totals less than the capital de minimus outlined in Section F, is to be treated as revenue.
- B41 The CFO is responsible for:
 - producing an annual capital strategy for Cabinet to recommend to Council;
 - setting up procedures under which capital expenditure proposals are evaluated and appraised to ensure that value for money is being achieved;
 - ensuring that a Medium-Term Capital Programme is prepared annually which is derived from the Capital Strategy, the Asset Management Plan, and the evaluation process;
 - that the capital programme is consistent with corporate, service and asset management objectives and priorities;
 - that there is a robust process for scrutinizing the capital schemes to be added to the capital programme;
 - that the programme is fully funded and is affordable and sustainable in accordance with the Prudential Code;
 - setting up procedures for corporate monitoring of all sources of capital funding;
 - that the tax implications of significant capital schemes are considered, including the impact on the VAT partial exemption calculation; and
 - that the revenue implication of capital schemes is included in the Budget and MTFs.
- B42 The inclusion of a scheme in the approved Capital Programme does not imply automatic approval to spend. These can be subject to meeting further criteria relating to the objectives, cost or funding confirmed through the governance process. Directors must ensure that all necessary levels of approval in accordance with the associated financial procedure note have been obtained for projects to proceed.
- B43 Directors are responsible for ensuring that where a project is dependent on external funding, it must not proceed until there is confirmation that this has been secured and the grant conditions can be met.
- B44 In all cases Directors must follow the Contract Procedure Rules before expenditure is incurred.

- **Budget Amendment**

- B45 Approved revenue budgets, may be amended during a financial year in the following circumstances:

- a) virements in accordance with the Scheme of Approval (Section F);
- b) under-spends approved for carry forward from previous years in accordance with Financial Regulations;
- c) supplementary requests from General Fund reserves or the Council Contingency Funds with the approval of the Portfolio Holder with Responsibility for Finance or full Cabinet; and
- d) grants, in accordance with the Scheme of Virement.

- B46 Where the responsibility for a service is transferred from one directorate to another, the CFO will transfer the appropriate resources in consultation with the relevant chief officer(s) and report to the Cabinet.

- B47 The CFO will provide a schedule of revenue grants as part of the overall budget proposals to the Council. Capital grants are shown in relation to the capital programme. All grants including new grants received in year will be reported to the Cabinet via the quarterly financial monitoring.

- B48 Additions in year to the Capital Programme

- Up to £500,000 additional capital spending can be approved by Cabinet on specific projects where

- the expenditure is wholly covered by additional external sources; and

- the expenditure is in accordance with at least one of the priorities listed in the capital programme; and

- there are no significant full year revenue budget effects.

- The additional capital spending agreed by Cabinet in one financial year cannot exceed £2.5million

- **Scheme of Virement**

- B49 A virement is a planned movement of resources between approved budgets that leaves the Authority's overall revenue and capital budget unchanged. Ad-hoc virements during the year are generally discouraged, especially where they relate to temporary adjustments. The financial Limits for the Scheme of Virement for revenue and capital expenditure are outlined in Section F and are intended to enable the Directors to manage their service budgets with a degree of flexibility within the overall policy framework determined by the Authority.

- B50 The published budget book is used for determining the service level and analysis of type of expenditure to which making changes constitute virement in relation to revenue. The capital programme agreed at Council is the level to which changes made constitute virement in relation to capital.

- B51 Technical budget changes do not require virement. Examples of these are Support Service Charge changes and Capital Financing Charge changes, where there is no service or overall financial impact
- B52 The exceptions to the above framework that are not allowed are:
 - a) provisions included within departmental budgets on the instructions of the CFO, e.g. insurance, capital and depreciation charges, leasing costs, transfer payments, central support service recharges and revenue expenditure funded from capital etc., can only be vired by the CFO;
 - b) virement between capital and revenue;
 - virements between an income budget line and an expenditure budget line require the approval of the CFO, as they change the revenue commitments of the Authority;
 - budget variances that apply to the current year only. These should be reported as a Variance in the monthly forecast; and
 - between salaries and non-salaries budget heads unless supported by an approved amendment to the establishment.
- B53 For the purposes of the financial limits outlined in Section F virements between the budget heads within the same financial year must be aggregated to determine the appropriate approval limit.

- **Budget Monitoring and Control**

- B54 The CFO is responsible for providing appropriate financial information to enable budgets to be monitored effectively and for presenting consolidated monitoring reports to the Executive on a regular basis.

- **Overview and Control**

- B55 Budget management is a continuous process that ensures the approved resources are used for their intended purpose and are properly accounted for, subject to virement rules. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- B56 The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each budget manager is required to manage expenditure within their budget allocation, subject to the rules of virement.
- B57 Management of budgets must not be seen in isolation but in conjunction with service outputs and performance measures, which bring together financial and non-financial information in a meaningful way.

- **Revenue Budget Monitoring**

- B58 The CFO has overall responsibility for ensuring that there are appropriate systems in place to ensure that relevant, accurate, complete and timely budgetary control information is received by budget managers, Directors and Members. The

process will include reporting the revenue budget and capital programme financial position internally and to Cabinet on a regular basis.

- B59 Directors must ensure that there is a clear allocation of responsibility for revenue budgets at cost centre level and capital schemes within their areas. Budget responsibility should be aligned as closely as possible to the decision making that commits expenditure.
- B60 Directors and Budget managers (as appropriate) have authority to incur expenditure on the approved policies and activities of the Council where financial provision exists in the approved budget for the year. The Scheme of Delegation is included at Section F. It sets out the limits for authorising financial transactions. Directors should ensure that they properly record any local delegations specific to their service area.
- B61 Directors are responsible for ensuring that they manage expenditure within the total net budget for their services. Budget managers are responsible for monitoring their budgets on a monthly basis. Over spends and under spends relative to the approved budget should be formally reported as soon as they are known and closely monitored. At the same time corrective action to be taken by Budget managers should be identified. Budget monitoring should reflect the level of risk associated with particular budgets.
- B62 Directors and Budget managers should monitor and report on significant and overall income performance at each monthly reporting interval with the same rigour as applied for expenditure monitoring. Income should be tracked each month to ensure overall income forecasts are likely to be met and to respond to any changes in income with either service or charge alterations.
- **Capital Monitoring**
- B63 The CFO is responsible for the preparation, review and monitoring of the capital programme. The CFO must ensure that all capital proposals are supported by option appraisals; robust costed business cases including whole life costing in accordance with proper governance arrangements as set out in the financial procedures. The size and substance of a capital scheme will determine the degree to which the Council's mandatory project management approach will be applied.
- B64 Changes to the approved programme must be reported to Cabinet for approval in accordance with the Scheme of Delegation (Section F).
- B65 Directors are responsible for supplying accurate capital forecasts in the manner and to the timetable determined by the CFO, which identify and explain variances and clearly identify slippage.
- **Carried Forward Balances**
- B66 A year-end balance is the amount by which actual income and expenditure varies from the final budget, normally identified down to budget manager level. Unspent balances will not be carried forward, except with the permission of the CFO. Unspent balances will only be considered for carry forward where:

- There is an unspent ring fenced grant and grant must be repaid if it is not spent on its intended purpose.
- Funding has been allocated to a specific project and the project is not yet complete, and both the directorate and the Council in total are not overspent.
- External funding has been received for a specific project which is not yet complete
- B67 All other commitments will have to be accommodated within the new year budget.
- **Statement of Accounts**
- **Responsibilities of the CFO**
- B68 The CFO is responsible for the preparation of the Authority's Statement of Accounts for each financial year ending 31 March, within the statutory deadline, in accordance with proper accounting practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC),
- In addition to complying with the local authority code, the CFO is responsible for:
 - Selecting suitable accounting policies and then applying them consistently;
 - Making judgements and estimates that are reasonable and prudent;
 - prepare, sign and date the Statement of Accounts, stating that it presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the financial year just ended; and
 - publish the approved and audited accounts of the Authority each year, in accordance with the statutory timetable;
- B69 To ensure detailed guidance and timetable for final accounts is issued to Directors and Budget managers as appropriate each year to ensure that the relevant information is collected and that the statutory deadline is achieved.
- B70 The CFO will ensure that the accounts are subject to external audit, to provide assurance that the accounts have been prepared properly, that proper accounting practices have been followed and that high quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resources.
- B71 The Governance, Audit, Risk Management & Standards Committee ("GARMS") has specific responsibility for approving the statutory Annual Statement of Accounts.
- **Accounting Records and Returns**
- B72 Directors shall be responsible for ensuring that records are carefully and systematically filed and retained for inspection by the CFO, Internal and External Audit or Government agencies (e.g. HM Revenue and Customs).

- B73 Accounting records (see Glossary for detail) should be retained for a period of 6 years plus the current financial year, unless otherwise instructed by the CFO. The advised minimum periods for the retention of financial records are set out below:
 - mortgages, bonds, stocks and other holdings, insurance, contracts, pension information and transfer values should be held indefinitely;
 - PFI contracts should be retained for the period of the contract plus 12 years; and
 - other contract documents including the final account where the contract is under seal should be retained for 12 years.
- **Finance Comments on Reports**
 - B74 The CFO is responsible for monitoring the quality of the financial implications information included in Committee Reports, Scrutiny reports and other formal reports by Directors and providing financial comments where there are implications such as corporate revenue or capital resources requirements.
 - B75 Directors are responsible for ensuring:
 - suitable options appraisal are carried out in relation to all significant policy issues;
 - that financial implications in the current and future years are identified in all relevant reports and that such financial implications are agreed by the CFO and are in accordance with virement rules;
 - that where reports impact on other directorates or have implications for corporate resources, financial implications comments are requested from them and/or the CFO sufficiently in advance of reporting deadlines; and
 - the financial implications in reports are reflected in current budgetary provisions and in the agreed Budget and MTFS.

Section C. Corporate Governance, Risk Management and Control of Resources

- C1 It is essential that robust, integrated systems are developed and maintained for identifying, evaluating and managing risk to the authority. This process should be integrated with the Financial Planning and Business Planning process.
- **Treasury Strategy**
- C2 The CFO will ensure that a Treasury Strategy is prepared, formally agreed in line with the Constitution and published annually before 31 March. The strategy will comply with statutory regulation, including that issued under section 15(1)(a) of the Local Government Act 2003 and the CIPFA Treasury Management Guide. In particular:
 - a) the investment priorities should be security and liquidity. Yield should be considered but only within the properly established security and liquidity levels;
 - b) the Investment Strategy should go to the full Council at the start of each year and reviewed mid-year, or more often should market conditions require it;
 - c) it should comment on the use of credit ratings and of any additional sources of information on credit risk;
 - d) it should comment on the use of treasury management advisers;
 - e) it should contain the training programme for officers and Members;
 - f) strategies should comment on the investment of money borrowed in advance of spending need; and
 - g) it will include a policy in regard to Minimum Revenue Provision.

- **Pensions Governance**

- C3 The Administrating authority (the 'Council') is responsible for investing on behalf of employees, ex-employees and pensioners. It is essential that the use of these finances is properly planned and controlled to provide maximum benefit to the Pension Fund whilst not exposing those finances to undue risk.
- C4 The CFO must ensure that a Funding Strategy Statement is reviewed annually and published.

- **Asset Management Plan**

- C5 The Corporate Director of Environment and Enterprise is responsible for corporate asset management, apart from Housing assets which are the responsibility of the Asset Management team within CHW (Housing).
- They should maintain adequate asset management plans (AMPs) for Schools, Housing, Highways and Corporate assets. These plans should show the number and value of the assets held, how assets are used and whether they are operational or non-operational, running costs, the condition of assets and the maintenance required. The plans will inform the Council's capital and revenue budget strategy and disposals policy.
- C6 The CFO must ensure that the Asset Management Plans are supported by detailed asset registers and accurate valuations. The registers are used as a day to day management tool and to provide information for the Council's accounts and insurance purposes.
- C7 Directors must ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place in line with Corporate Policy. Directors must supply the information required by the CFO.
- C8 Budget managers are responsible for ensuring that all assets in their control are appropriately maintained, clearly identified and marked as property of the Council where appropriate. No Council asset should be subject to personal use by an employee without prior authorisation from the appropriate Chief Officer.

- **Projects and Programmes**

- C9 The Director for Customer Service and Business Transformation Programme (BTP) is responsible for issuing guidance on the preparation of business cases and programme management.
- C10 Directors are responsible for ensuring that programmes are conducted using the Council's mandatory project and programme management approach. The degree to which the approach will be applied will be determined according to the limits defined in the procedure guidance notes.
- C11 Directors must obtain the agreement of the CFO as to the expenditure and funding for all new schemes not included in the approved budget or capital programme and submit to Cabinet for approval. See Section F.

- **Leasing arrangements**

- C12 Property leases may constitute a capital liability. Directors shall notify the CFO of all proposed property leases or renewals before any agreement is made and these shall be included in the proposed capital programme. Any lease with a value, or term, above the limits set out in Section F must be approved by Cabinet.
- C13 Directors must not enter into credit arrangements, such as leasing agreements, without the prior approval of the CFO and, if applicable, approval of the scheme should be included as part of the capital programme.
- C14 The CFO shall be responsible for the evaluation and arrangement of all capital financing facilities. This excludes the short term hiring of equipment for periods of less than 12 months.
- C15 Budget managers must take appropriate advice from Finance and Legal before entering into a lease agreement.

- **Contingent Asset and Liabilities**

- C16 Directors must inform the CFO of any potential contingent assets and contingent liabilities.

- **Maintenance of Provisions and Reserves**

- C17 Provisions are held against present obligations (liabilities) of uncertain timing that can reasonably be estimated. If the event itself rather than the timing is uncertain then it would be a Contingent Liability or Asset.
- C18 Any sum set aside that is not a provision, is a reserve. Reserves can be Earmarked Reserves set aside for specific policy purposes or General Reserves, set aside for purposes such as general contingencies and cash flow management.
- C19 The CFO is responsible for advising on prudent levels of reserves for the Council when the annual budget is being considered, having regard to assessment of the financial risks facing the authority and the views of the external auditor.
- C20 The CFO must make an annual statement on the adequacy of general reserves and provisions.
- C21 All contributions to, and appropriations from, General Fund reserves must be approved by the Portfolio Holder with Responsibility for Finance, subject to any limitations set by the Council in the approved budget framework.
- C22 The CFO can establish earmarked reserves. The CFO is responsible for ensuring that detailed controls are established for the creation of new reserves and provisions and any disbursements therefrom. This should include:
 - the reason for the reserve;
 - how and when it can be used;
 - the responsibilities for their management and reporting in the Medium Term Financial Strategy and annual budgets; and
 - the timescale for review, at least annually, to ensure adequacy.
- C23 Directors must inform the CFO of any future liabilities that have been incurred and may need to be accounted for.

- **Reporting Key Decisions**

- C24 The definition and rules concerning Key Decisions are to be found in Article 13 of the Constitution.

- **Risk Management and Risk Strategy**

- C25 All organisations face risks to their people, property, finances, services, reputation and continued operations. Whilst risk cannot be eliminated altogether, risk management provides a planned and systematic approach to the identification, evaluation and control of risk. It is an integral part of good business practice and is essential to the Council achieving its objectives, securing its assets and to ensuring continued financial and organisational wellbeing.

- C26 Regulation 4 of The Accounts and Audit (England) Regulations 2011 SI 2011/8171 specifically requires that the “relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.”
- C27 The Head of Paid Service in conjunction with the Monitoring Officer is responsible for preparing and promoting the Authority’s risk management policy and strategy, securing the endorsement of the Council, and maintaining the Corporate Risk Register and other risk registers and risk analyses as appropriate.
- C28 Directors are responsible for ensuring that there is a continuous review of exposure to risk within their departments, maintaining detailed Risk Registers and action plans, and maintaining Business Continuity Plans. It is essential that risk management is integrated into business processes in line with corporate guidelines. These processes include budget preparation and integrated service and financial planning, budget monitoring and performance management, programme and project management, procurement and contract management.
- **Business Continuity and Disaster Recovery**
- C29 The Head of Paid Service will establish and regularly test comprehensive business continuity and disaster recovery procedures to deal with the consequences of events and minimise potential disruption.
- C30 Directors will ensure that controls are in place to minimise the likelihood of the risk occurring and/or minimising its potential impact through regular inspection and continuous monitoring of identified key risk areas.
- **Insurance**
- C31 The Council maintains insurance cover to deal with the financial consequences of any incident which may give rise to a claim being made by/against the Council or result in financial cost or loss which may not otherwise be provided for. The extent to which the Council “self insures” is informed by the perceived risk and the Council’s claims history.
- C32 The CFO is responsible for effecting corporate insurance cover, through external insurance and internal funding, and negotiating all claims in consultation with other officers, where necessary.
- C33 Directors should
 - notify the CFO immediately of any loss, liability or damage that may lead to a claim being made by/against the Council and take appropriate action to prevent a repeat loss;
 - inform the CFO of all new risks, properties or vehicles that may require insurance, and of any alterations or disposals affecting existing insurances;

- ensure that claims against insurance policies are made promptly and comply with the timescales for investigating claims and the insurer's conditions;
- ensure that before any contract for works is made, that adequate insurance cover is furnished by the contractor in respect of any act or default;
- ensure that procedures are in place to identify Contingent Liabilities, which are doubtful events that may represent a charge to the Authority at a future date, and ensure that these are recorded in a note to the annual accounts;
- ensure that employees, or anyone covered by the Authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim. Failure could directly affect the Authority's ability to make or defend a claim or could result in financial penalties being imposed on the Authority; and
- consult the CFO and seek legal advice on the terms of any indemnity that the Authority is requested to give.
- **Internal Controls**
- C34 Internal controls are systems put in place by management to mitigate risk, increase the likelihood that the Authority's objectives are met and to safeguard the Authority's staff, assets and interests.
- C35 Internal controls must be reviewed on a regular basis by management. Control systems should provide for clarity of policies, objectives, targets, responsibilities and accountabilities, and appropriate authorisations and approvals, separation of duties, level of internal check, management information and physical safeguards.
- C36 The CFO will ensure that the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- C37 The CFO will ensure that effective internal controls are an integral part of the Authority's underlying framework of corporate governance and that they are reflected in its local code, ensuring that clear Financial Regulations exist.
- C38 The CFO in conjunction with the Monitoring Officer is responsible for assisting the authority in putting in place an appropriate control environment and effective internal controls that comply with all applicable statutes, regulations and codes of practice.
- C39 Regulation 4 of The Accounts and Audit (England) Regulations 2011 require the publication of an Annual Governance Statement. The statement includes a description and evaluation of the internal control environment, the review process, and identifies any gaps. It must include a statement that the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. There should be an action plan to address the issues identified and a report on progress on the issues identified in previous years. The Governance, Audit, Risk Management & Standards ("GARMS") Committee should seek to satisfy itself that it has obtained

sufficient, relevant and reliable evidence to support the disclosures made and that statutory guidance has been followed.

- C40 The Governance Statement should be approved at a meeting of the Authority or delegated committee (GARMS) and signed by the Head of Paid Service and the Portfolio Holder.
- C41 Directors are responsible for establishing, maintaining, monitoring and reporting on systems of internal control which guard against risk and promote the achievement of objectives. On an annual basis they are required to complete a Management Assurance Statement, in the format and timescale specified the Head of Paid Service, of the Council. The statements and supporting evidence will be independently reviewed by Internal Audit, evaluated by the Corporate Governance Group and results fed into the Council's Annual Governance Statement.
- **Internal Audit**
- C42 Section 151 of the Local Government Act 1972, requires that the Authority 'makes arrangements for the proper administration of their financial affairs. Further specific arrangements are detailed in Regulation 6 of The Accounts and Audit Regulations 2011 (as amended) in that a 'relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'. The arrangements must follow statutory guidance and professional standards
- C43 Internal Audit is an independent and objective appraisal function established by an authority to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management; control and governance processes.
- C44 The CFO must develop and maintain an effective Audit Committee (for Harrow this is the GARMS).
- C45 Internal audit is an important independent internal scrutiny activity. The CFO must support the Authority's internal audit arrangements and ensure that the Authority's Audit Committee (GARMS) receives the necessary advice and information, so that both functions can operate effectively.
- C46 The CFO must ensure the provision of an effective, properly resourced, internal audit service, for the internal audit of the control environment and systems of internal control as required by professional standards.
- C47 The Head of Internal Audit is the officer responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the PSIASS Definition of Internal Auditing, the Code of Ethics and the Standards. The Head of Internal Audit:
 - must periodically review the internal audit charter and present it to senior management and the board for approval;
 - must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The Head of internal Audit must confirm to the GARMS

Committee, at least annually, the organisational independence of the internal audit activity;

- must effectively manage the internal audit activity to ensure it adds value to the organisation;
- must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals;
- must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the GARMS Committee for review and approval. The Head of Internal Audit must also communicate the impact of resource limitations;
- must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan;
- must report periodically to senior management and the GARMS Committee on the internal audit activity's purpose, authority, responsibility and performance relative to its plan;
- must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. This opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- C48 Internal Auditors have the authority to:
 - access Authority premises at reasonable times;
 - access all assets, records, documents, correspondence and control systems;
 - receive any information and explanation considered necessary concerning any matter under consideration;
 - require any employee of the authority to account for cash, stores or any other authority asset under his or her control;
 - access records belonging to third parties, such as contractors, when required (third party contracts should specify access rights); and
 - directly access the senior managers and elected Members where appropriate.
- C49 Managers are required to notify the Head of Internal Audit of new areas of risk which may need to be subject to audit review and ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets and provided with information and explanations that the auditors consider necessary for the purposes of their work.
- C50 Managers are also required to consider and respond promptly to recommendations in audit reports, ensure that agreed actions arising from audit recommendations are carried out in a timely and efficient fashion and in line with the timescale agreed with the Head of Internal Audit, and report on progress.

- C51 Directors must provide internal audit with access to their premises, records and systems and staff in a timely manner.
- **External Audit**
- C52 The basic duties of the external auditor are defined in the Local Government Act 1999 and the Audit Commission's Code of Audit Practice. These require the auditor to review and report upon:
 - the Council's Accounts;
 - whether the Council has made proper arrangements for securing financial resilience and
 - whether the Council has proper arrangements for securing economy, efficiency and effectiveness.
- C53 The CFO in conjunction with the Head of Paid Service advises on the development of the Annual Audit Plan, leads on any negotiations related to the annual audit fee and advises the Cabinet and Directors on their responsibilities in relation to external audit and issues arising from the Annual Audit and Inspection Letter.
- C54 Directors are required to ensure that external auditors are given access at all reasonable times to premises, personnel, documents, and assets, and provided with information and explanations which the external auditors consider necessary for the purposes of their work, in the timescales required.
- C55 Directors are also required to consider and respond promptly to recommendations in audit reports, ensure that agreed actions arising from audit recommendations are carried out in a timely and efficient fashion and in line with the timescale agreed with the external auditor, and report on progress.
- **Preventing Fraud, Bribery and Corruption**
- C56 The Council is responsible for substantial public funds and other assets and has a duty to demonstrate the highest standards of probity and stewardship in the day to day management of its affairs. It is therefore essential to develop and maintain an anti-fraud culture and to create a working climate in which all staff and elected Members remain alert to the potential for fraudulent or corrupt behaviour against the Council from outside or inside the organisation and are aware of the mechanisms available for the confidential reporting and investigation of any reported instances.
- C57 The key controls regarding the prevention of financial irregularities are that:
 - the Head of Paid Service will ensure a formal code of conduct is established and widely publicised and, as part of this, a Register of Interests is maintained and the receipt of hospitality and gifts covering both Members and officers in accordance with any relevant statutory code of conduct;
 - the Public Interest Disclosure Act 1998 (PIDA) protects workers who 'blow the whistle' about malpractice or wrongdoing within an organisation. The Head of Paid Service will maintain and make available a whistle-blowing policy and procedures

that enables officers, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. All such allegations are diligently and robustly investigated;

- the CFO will ensure that the Authority has an effective anti-fraud and corruption policy consistent with legislation including the Bribery Act 2010, the Public Interest Disclosure Act 1998 and the Freedom of Information Act 2000;
- the CFO will ensure internal control systems exist which minimise the risk of fraud and corruption occurring;
- the CFO is responsible for developing and maintaining an anti-fraud, bribery and corruption policy and ensuring that effective internal controls are in place to minimise the risk of fraud, corruption and financial irregularities;
- the CFO is responsible for the Corporate Anti-Fraud Team and ensuring that effective procedures are in place to identify fraud and investigate promptly any suspected fraud. The team investigates cases of both internal fraud and external fraud.
- C58 Council employees and Members have a duty to report to the Authority any impropriety, bribery, breach of procedure or failure of the manner in which services are being provided without fear of recrimination (Code of Conduct). This includes a duty to report a suspected breach of the Council's Contract Procedure Rules and Financial Regulations.
- C59 Directors are required to ensure that their policies comply with Council's Contract Procedure Rules and Financial Regulations and that staff are trained where appropriate and adopt suitable compliance and disciplinary measures.
- C60 Directors must ensure that where financial impropriety is discovered or suspected, the CFO and the Head of Internal Audit are informed immediately and take all necessary steps to prevent further loss and to secure records and documents against removal or alteration. Directors must ensure the full co-operation of senior management in any investigation and instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- C61 Officers and Members must ensure that they comply with all of the Council's codes, protocols and procedures particularly the Officers' Code of Conduct, its procurement practices and its anti-fraud and corruption policies.
- **Money Laundering**
- C62 Money laundering involves the 'cleaning' of illegal proceeds through legitimate transactions, usually cash, in order to disguise their criminal origin.
- C63 Local Authorities must be mindful of the Money Laundering Regulations, 2007 SI 2007/2157. There is substantial reputational risk for an authority which does not have money laundering policies and procedures in place and they have a duty of vigilance to prevent the financing of terrorism and money laundering.
- C64 The Council enters into thousands of transactions every day and could be subject to money laundering attempts when accepting payments by cash, cheque or

credit/debit cards for instance in relation to the purchase of a council house, the payment of substantial bills, or receiving an overpayment in cash which is then refunded by cheque.

- C65 The CFO will:
 - ensure that processes are in place to identify and appropriately train staff most likely to be exposed to money laundering of the organisations and their own obligations under Proceeds of Crime Act 2002 (POCA) to detect and report suspicious activity;
 - establish procedures to preclude the acceptance of cash sum or series of sums (in coin, notes or travellers cheques) in respect of goods that in total are more than the maximum allowed for any single customer account per annum in Section F; and
 - maintain a written Anti- Money Laundering Policy.
- C66 All staff have a duty to report any suspicions to the Money Laundering Reporting Officer (currently the CFO) or their deputy. There is a template for reports attached to the policy. It is very important that in the process of reporting nothing is done to tip off anyone connected with the transaction.
- C67 Directors and managers will ensure that staff who regularly accept payments, or administer payments or the Council's bank accounts receive training on money laundering. It is the responsibility of the CFO to ensure that these staff are identified and trained.
- **Proceeds of Crime**
 - C68 The relevant Corporate Director in consultation with the Monitoring Officer and the CFO is authorised to institute investigations under the POCA on behalf of the Council.
 - C69 The relevant Corporate Director will ensure that in relation to POCA investigations all statutory guidance is followed, including ensuring there is an appropriate, accredited financial investigator.
 - C70 Prosecutions under POCA must be jointly authorised by the CFO and the Monitoring Officer.
 - C71 Awards made to the authority under POCA incentive schemes or from asset recovery shall be applied first to the Authority's costs in relation to the related investigation and prosecution and any statutory charges. The balance shall be used as determined by the MTFs and any statutory limitations.

- **Security of Assets**

- C72 The Authority holds valuable assets in the form of property, vehicles, equipment, furniture and other items. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.
- C73 The CFO will ensure an up-to-date Asset Register is maintained to enable sound fixed asset accounting and asset management.
- C74 The Monitoring Officer will ensure a corporate property database is maintained containing the details of all council properties to support land and property management.
- C75 The Corporate Director of Environment and Enterprise will ensure a terrier is maintained to identify all the land and property holdings of the Council recording the location, extent, plan, purchase details, nature of the interests, tenancies granted, charges held, rents payable and purpose for which held.

- **Inventories**

- C76 Inventories must be maintained by Directors for portable, high value items above the de minimus in Section F. The inventories shall contain an adequate description of the asset including where relevant the model number, serial number and location and its estimated value.
- C77 Directors are required to check the existence of a random sample of inventory items on an annual basis.

- **Stocks and Stores**

- C78 Directors are responsible for:
 - ensuring that stocks of goods and materials are held at a level appropriate to the business needs of the Council, and that stock levels are checked regularly and as a minimum as part of year end annual stock take procedures;
 - ensuring that adequate arrangements are in place for their care and custody; and
 - writing off the value of obsolete stock in their Departments in accordance with the procedures.

- **Intellectual Property**

- C79 Intellectual property is a generic term that includes inventions and writing. Certain activities undertaken within the authority may give rise to items that may be patentable, for example, software development. Breaching copyright laws exposes the Council to financial risk.

- **Responsibilities of Directors**

- C80 To put controls in place to ensure that staff do not carry out private work in the Council's time and that staff are aware that anything they create during the course of their employment, whether written or otherwise, belongs to the Council.
- C81 To comply with the copyright, designs and patent legislation and, in particular, to ensure that:
 - a) only licensed software is installed by the authority is used on its computers,
 - b) staff are aware of legislative provisions, and
 - c) in developing systems, due regard is given to the issue of intellectual property rights.
- **Asset Disposal**
- C82 Assets that are surplus to service requirements or are not cost effective to retain should be disposed of safely, for the best price. Disposal should be in accordance with national legislative requirements for health and safety and waste disposal and the European Waste Electrical and Electronic Equipment Directive.
- **Land and Buildings**
- C83 The Corporate Director of Environment and Enterprise (General Fund) and the Corporate Director of Community, Health and Well Being (Housing Revenue Account) are responsible for all disposals of land and property for the General Fund and the HRA respectively, in conjunction with the Portfolio Holder with responsibility for Finance and Major Contracts and for identifying any revenue implications arising from the sale of assets.
- C84 These Corporate Directors in conjunction with the portfolio holder have delegated authority for General Fund disposals as outlined in Section F. Anything above this limit must be reported to the Cabinet for approval.
- C85 The Corporate Directors must before any disposal is agreed or negotiations begin:
 - seek Legal advice to ensure that the disposal falls under a General Disposal Consent, Right to Buy legislation or if Secretary of State's permission is required;
 - obtain best consideration under s123 of Local Government Act 1972;
 - depending on the method of sale an independent valuation before sale should be obtained to ensure best consideration is achieved;
 - ensure that the disposal is consistent with the Asset Management Plan, that no other service requires the building and that it has formally been declared as surplus to requirements; and
 - seek financial advice to ensure the proper accounting of capital receipts, cost of sale and tax.
- **Other Assets**
- C86 Budget managers may seek the authority of their Chief Officer to dispose of revenue assets through sale, donation or scrapping. They must assure themselves that the assets concerned are the property of the Council (rather than a leasing

company) and surplus to organisational requirements, before disposing of them. Budget managers must be able to demonstrate that value for money is obtained for every disposal and maintain adequate records demonstrating value for money, the reasons for the disposal, and that the assets are obsolete or surplus to requirements. All property, plant or equipment assets disposed of over the value shown in Section F must additionally be cleared with the CFO or his/her nominated representative before they can be disposed of.

- C87 Budget managers must ensure that legal and environmental issues are addressed when disposing of any assets. Budget managers should notify Facilities Management of any disposals, who will determine if the assets are surplus to requirements.
- C88 The CFO will:
 - issue guidelines representing best practice for the disposal of assets and consistent with statutory powers including:
 - issuing of a receipt;
 - accounting and banking of the income;
 - segregation of duties between those who authorise the sale and the receipt of the payment; and
 - adjustment to Inventory records;
 - ensure appropriate accounting entries are made to remove the value of disposed assets from the Authority's records and to include the sale proceeds in the Council's accounts; and
 - Maintain a schedule of disposals above the de minimus recorded in Section F with both estimated and actual values and disposal dates.
- C89 Directors will notify the CFO of any disposals of assets above the de minimus in Section F (see Procedure Note P27 on Disposal of Assets).
- **Treasury Management**
 - C90 The Council has adopted CIPFA's Code of Practice for Treasury Management in Public Services.
 - C91 The CFO is responsible for reporting to GARMS and the Cabinet at least twice in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. He/she is required to produce:
 - a proposed treasury management strategy for the coming financial year before the start of each financial year;
 - an annual report on the treasury management activity for presentation by 30th September of the succeeding financial year; and

- a mid year report to Cabinet.
- C92 The Council has delegated responsibility for the implementation and monitoring of its Treasury Management Policies and Practices to the CFO and for the execution and administration of Treasury Management decisions to the Treasury and Pension Fund Manager, who will act in accordance with the Council's Treasury Policy Statement and CIPFA's 'Standard of Professional Practice on Treasury Management'.
- C93 The CFO will ensure that all:
 - investments of money are made in the name of the authority or in the name of nominees approved by the full Council;
 - securities which are the property of the authority or its nominees and the title deeds of all property in the Authority's ownership are held in the custody of the Director of Legal Services; and
 - borrowings are in the name of the authority.
- C94 Directors will not enter into any loan or credit arrangements with any party whatsoever or acquire an interest in companies, joint ventures or other enterprises whatsoever.
- **Pension Fund Investment**
 - C95 The CFO will ensure that the accounting for the Pension Fund satisfies the Council's statutory obligations, including that it is accounted for separately, that only relevant costs, assets and liabilities are valued by an actuary every three years.
 - C96 The CFO is responsible for pension fund investment and makes recommendations to the Pension Fund Committee about the appointment of the actuary, investment adviser, and external fund managers. The CFO provides regular reports to the Pension Fund Committee on the performance of the fund and any regulatory matters.
 - C97 The CFO is responsible for ensuring the Council's contributions are consistent with its Pension Fund strategy and actuarial review.
 - C98 Approval to the making of lump sum payments and fund transfers from the pension fund will be in accordance with the schedule in section F.
- **Trust Funds, Funds Held For Third Parties and Other Voluntary Funds**
 - C98 The CFO is responsible for trust funds and ensures that funds are only drawn down for the purposes intended by the Trustees and that accounts are prepared and audited each year.
 - C99 All trust funds, funds held for third parties and other voluntary (unofficial) funds excluding schools must be approved by the CFO. A 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. Such funds should be separately identified but managed in line with the Council's Financial Regulations.

- **Banking and Imprest Accounts**

- C100 The CFO is responsible for opening all bank accounts and agreeing the associated mandates.
- C101 The CFO is responsible for managing the banking contract and the day to day administration and reconciliation of accounts.
- C102 Staff must not open accounts in the name of the Council, Members or officers unless they are acting on the instructions of the CFO. Opening an unauthorised bank account is a disciplinary offence.
- C103 An imprest or petty cash account must only be used in accordance with guidance issued by the CFO (see Procedure Note P25 in section F). It is the responsibility of Directors to ensure that systems are in place to monitor and control this.

- **Staffing Establishment**

- C109 The Head of Paid Service will ensure there are in place accurate and effective systems to monitor the establishment and that the following procedures and regulations must be followed:
 - appointments are made in accordance with HR and payroll policies;
 - appointments are in accordance with the approved establishment and grade for the post;
 - the organisational structure on SAP must be kept up to date;
 - all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, are notified promptly and in accordance with required forms, timescale and authorisation;
 - payments are only made where there is a valid entitlement;
 - conditions and contracts of employment are correctly applied; and
 - employees names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- C110 Regulation 7 Accounts and Audit (England) Regulations 2011 [SI 2011/817) places a statutory requirement on the Authority to report on the remuneration of senior employees; this is the responsibility of the CFO. The Head of Paid Service will publish pay data on senior staff in accordance with guidance and a policy statement about staff pay, including senior and lower-paid staff.
- C111 The CFO will agree annually the budget to support the approved establishment. The CFO will ensure appropriate procedures are in place to amend the establishment throughout the year.
- C112 Directors are responsible for controlling total staff numbers within their approved establishment. Staff can only be appointed to an approved post and within

the overall budgetary provision and should not create a commitment which cannot be met in future years. Where the existing approved establishment cannot be fully funded from available budget – then an appropriate level of vacancy management in line with operational need should be exercised during the year. Where posts have been vacant for periods in excess of 12 months and are deemed not to be required, they should be deleted.

- **Use of Agency Staff**

- C113 Agency staff are temporary workers who must be obtained and paid for, through an approved agency via appropriately procured corporate contracts. Generally, agency should only be employed either to:
 - cover budgeted seasonal or unusual demand periods (e.g. salting roads in winter, cleaning parks in summer);
 - cover essential temporary establishment vacancies, where cover is unavailable and there will be an adverse service impact if the post is not filled. For example where the post holder is on long term sick or maternity leave, has been seconded, or a post is being held open pending a restructure;
 - bring in Special Skills for a one-off project or event, or time limited role, where appropriately skilled staff are not available internally or it is not cost effective to permanently fill.
- C114 The Director of HR is responsible for ensuring that:
 - the staffing establishment on SAP is maintained;
 - relevant employment law is complied with, including the Agency Workers Regulations, 2010; and
 - Equal Pay regulations and case law are complied with.
- C115 Directors are responsible for ensuring that all staff within their Directorates are recruited according to the corporate procedures and that there is no unbudgeted employee or agency related expenditure.

- **Use of Consultants**

- C116 Directors must ensure that their staff are familiar with the Council's guidelines on use of agency workers and understand the distinction between employees, agency workers and workers on contracts for services.
- C117 Where a worker is engaged on a contract for services to carry out a project which has a clear start and end date and is described in a brief or specification, and where the worker will be taking on the risk and providing their own premises, equipment and insurance etc., then it is likely that the work will be governed by a contract for services with the Council and the worker will be paid via the Corporate Accounts Payable system through the raising of an official order and goods receipt. In these circumstances the Council's contract procedure rules should be applied. The insurance requirements must be clear in the documentation supporting the contract and evidence that the policy is in place should be obtained from the worker.

- C118 Directors must ensure that where payments are to be made to workers other than through the Council's payroll system, that there is a clear justification for this and that there are no tax implications that may arise.
- C119 Managers should give careful consideration to the employment status of individuals employed on a self-employed contract or subcontract basis. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Manager responsible for Payroll and/or Legal.

Section D. Financial Administration

- D1 Systems
- The CFO has statutory duties for the proper administration of the Authority's financial affairs. The CFO responsibilities are to:
 - issue advice, guidance and procedures for officers and others acting on the Authority's behalf,
 - determine the accounting systems, the form of accounts and supporting financial records;
 - establish arrangements for audit of the Authority's financial affairs;
 - approve any new financial systems and interfaces to be introduced;
 - approve any changes to be made to existing financial systems, including interfaces to the General ledger, Accounts Receivable and Accounts Payable; and
 - establish arrangements for access control and general security of the Authority's corporate financial systems.
- D2 Directors' Responsibilities include:
 - a) to ensure that local accounting prime records are maintained properly and held securely and only destroyed with the approval of the CFO;
 - b) to incorporate appropriate controls to ensure that, where relevant:
 - i) all input is genuine, complete, accurate, timely and not previously processed;
 - ii) all processing is carried out in a complete, accurate and timely manner, and
 - iii) output from the system is complete, accurate and timely and in the format specified by the CFO.
 - a) to ensure that the organisational structure provides an appropriate segregation of duties to facilitate adequate internal controls and to minimise the risk of fraud or other malpractice;
 - b) to ensure, jointly with the Head of Paid Service, that there is a documented Recovery Plan to allow information system processing to resume quickly in the event of an interruption;
 - c) to ensure that effective contingency arrangements, including back-up procedures, exist for computer systems;
 - d) to ensure that systems are documented and staff trained in the operation of them;
 - e) to seek the approval of the CFO before changing any existing financial system or introducing new financial systems. New financial systems must not be introduced nor changes made prior to obtaining this approval;
 - f) to ensure that authorisation limits for staff are consistent with the Authority's financial delegations as detailed in section F;
 - g) to ensure the Scheme of Delegation is maintained and complied with for those authorised to act on behalf of the CFO in respect of payments, income collection and placing orders, including variations;

- h) to ensure that relevant standards and guidelines for computer systems are observed, including data protection legislation and that their staff are aware of their responsibilities under the legislation; and
- i) to ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.

- **Chart of Accounts**

- D3 The CFO is the responsible officer and owner of the Chart of Accounts. The Chart of Accounts cannot be changed without express authority from the CFO Officer or their nominee. This includes all changes to the Chart of Accounts including the addition, deletion or amendment of a:
 - a) hierarchy;
 - b) profit centre;
 - c) cost centre assignation;
 - d) cost element assignation;
 - e) sub cost centre hierarchy changes;
 - f) cost centre closure: input or hierarchy;

- **Income**
- D4 Directors are responsible for ensuring that there is as a minimum an annual review of fees and charges, within the strategic, financial, economic and service context after appropriate consultation; proposals for the level of fees and charges should be in accordance with guidance published by the CFO. Changes to fees and charges (at any point during the year) should be approved by the relevant Portfolio Holder and presented to the Cabinet as part of the Budget and MTFS proposals.
- D5 Directors are required to hold an in depth review of each service area's fees and charges on a three-year rolling basis.
- **Income Collection**
- D6 The Council collects substantial amounts of income (council tax, business rates, rents, service charges and fees and charges) and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly, and that VAT is correctly accounted for.
- D7 The CFO will ensure there are clear Corporate and Departmental Accountabilities for Accounts Receivable and income collection, supported by an appropriate Scheme of Delegation. Procedures for the receipt of income shall reflect the principles of separation of duties and internal check.
- D8 The CFO is responsible for the procedures, systems and documentation relating to the setting, charging, and collection of all income due to the Council. In particular the CFO will ensure that there is an overarching debt management policy and a credit policy for sundry debtors.
- D9 The CFO must satisfy him/herself with the adequacy of the arrangements for the control and safe storage of records, including electronic storage media.
- D10 The CFO will ensure that Service Directorates bear the cost of their uncollected debts through an appropriate impairment of debts, based on a realistic assessment of the chances of recovery of all debts outstanding.
- **Billing**
- D14 Directors must ensure that the customer is provided with a clear and accurate bill for chargeable services in a timely manner or in accordance with statutory requirements.
- D15 Directors will ensure that all income due is identified and Accounts Receivable are raised via the Council's main financial system promptly, unless in the opinion of the Chief Financial Officer it is not practicable to do so.
- **Collection**
- D16 Directors will ensure that wherever possible and appropriate, payment is received in advance of the service being offered and that the use of on-line payment systems is the default payment mechanism. Direct debits should be promoted, the use of cash, cheque or telephone payments should be avoided wherever possible.

- D17 Directors will pursue all commercial debts until it is un-economic to continue to do so using agreed written procedures.
- D18 Directors will set annual collection targets and VFM measures consistent with continuous improvement, the budgeted income and the medium term financial strategy. Performance will be monitored corporately every month.
- D19 Directors will ensure that:
 - income collection staff are appropriately trained;
 - any cash or cheques received by their staff are stored securely whilst in their possession and passed as soon as possible to the Cashiers, or as he or she directs, to the Authority's bank or National Giro account, and properly recorded;
 - there is segregation of duties between those who authorise the sale and those who receive the payment;
 - all income received for goods and services provided by the authority will be accounted for in the financial year in which the service was delivered. Where no debtor has been raised before the financial year-end by the Authority then an accrual will be set up for the estimated debtor in accordance with guidance issued by the CFO.
- **Uncollectable Debts and Write Off's**
 - D20 Once raised, no bona fide debt can be cancelled except by payment in full, its formal writing off or in the form of an adjustment under procedures agreed with the CFO.
 - D21 Directors are responsible for submitting quarterly debt write-off reports where debts are considered un-collectable, to the CFO in the format specified.
 - D22 The CFO is responsible for writing off irrecoverable bad debts up to the limits specified in Section F where necessary. All requests for write-off must be accompanied by a brief report in a format specified by the CFO that includes the following:
 - a schedule of all debts to be written off, recovery action that has been undertaken and the reasons for the write-off request;
 - the total debt outstanding, the current bad debt provision, the amount of provision required and the remaining balance.
- **Grants and External Funding**
 - D23 External funding can be a very important source of income to Harrow. The main source of such funding for this Authority will tend to be specific government grants. Consideration needs to be given to the funding conditions to ensure they are compatible with the aims and objectives of the Authority.

- D24 Any match funding requirements and exit strategies should be given due consideration prior to any bidding exercise or entering into any agreements and resources identified for future commitments.
- D25 The Directors should consult and where required seek the approval of the CFO, the Portfolio Holder and any relevant committee on proposals to bid for external funding to support expenditure that has not already been included in the approved revenue budget or capital programme.
- D26 The Council bids for funds from a number of UK and European programmes. Each funding regime is subject to rules and regulations and the process for submitting applications and drawing down funding varies.
- D27 It is important to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the Council are clearly understood.
- D28 The CFO shall maintain a Register of Grants awarded to the Authority, which will include as a minimum the grant name, the grantor, the allocation by financial year, a brief description of the purpose of the grant, grant conditions, and the responsible officer. The CFO will ensure that Grants are properly recorded in the Authority's accounts.
- D29 Directors shall:
 - not commit to expenditure in relation to a grant, beyond the term of a grant allocation, without the permission of the CFO, and will ensure that the necessary contractual break clauses are in place at the grant review dates,
 - ensure that all applications for funding are consistent with the Council's priorities and approve them in principle before detailed work commences;
 - ensure that the Council's project management framework is applied and that a Project Initiation Document (start form) is completed where appropriate;
 - consult the relevant Directorate Finance Business Partner when preparing applications to ensure that full costs are identified including any match funding required, and ongoing commitments are taken into account;
 - notify the CFO of all applications prior to submission;
 - ensure that the application is signed off by the CFO or an appropriate officer in the Directorate;
 - ensure that the rules and regulations for the particular funding stream are complied with at application stage and throughout the life of the project;
 - ensure that all requirements relating to the delivery of outputs and spend are met in line with the approved bid or project plan;
 - ensure that all funding notified by external bodies is claimed and received; and

- check the audit requirements and notify Finance & Assurance of any claims that must be audited by the Council's external auditor.
- D30 Grant expenditure and income is monitored and reported as part of the monthly monitoring process. All expenditure incurred must be in accordance with the terms and conditions attached to the grant and with Financial Regulations and Contract Procedure Rules.
- D31 Proper records of expenditure must be kept to allow verification of amounts claimed by the grant giving body and the external auditor.
- D32 Wherever possible and appropriate staff employed to meet the grant criteria for spending should be on fixed contracts intended to be terminated when funding ceases.
- **Section 106 and Community Infrastructure Levy (CIL)**
- D33 Section 106 of the Town and Country Planning Act 1990, section 278 of the Highways Act 1980 and section 75 of the Town and Country Planning Act 1997 permits local planning authorities to enter into enforceable 'planning obligations' with landowners and/or developers. A Community Infrastructure Levy (CIL) was set out in the Planning Act 2008 and subsequent regulations.
- D34 The CFO will set out proper procedures for agreeing, collecting, recording, accounting and disbursing s106 and CIL monies, in accordance with legislation.
- D35 The CFO will record, monitor and report on all s106 or CIL receipts and payments.
- D36 Planning will notify the CFO of any agreements and will ensure that the procedures are followed. They are responsible for delivery of the agreements, including making payments and the billing and receiving of income.
- D37 The Monitoring Officer will ensure that Obligations are registered as Local Land Charges.
- **Ordering and Paying for Work, Goods and Services Need to be checked with Linda D Souza**
- D38 The Authority's procedures are designed to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Authority's Procurement Policy and Contract Procedure Rules.
- D39 Every officer and Member of the authority must declare any links or personal interests that they may have with suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with appropriate codes of conduct.
- D40 Sound systems and procedures are essential for an effective framework of accountability and control. The CFO is responsible for ensuring that there are effective financial systems and controls, although the operations may be carried out in another directorate other than Finance & Assurance.

- D41 The CFO is responsible for:
-
- the operation of the Council's General Ledger and its accounting systems, the form of accounts and the supporting financial records. All the Authority's transactions, material commitments and contracts and other essential accounting information must be recorded completely, accurately and on a timely basis. All prime documents must be retained in accordance with legislative and other requirements;
- determining the accounting procedures and records for the authority. Where these are maintained outside the finance department, or outside the Authority, the CFO must approve the controls to be applied in consultation with the Corporate Director concerned; and
- ensuring there is adequate separation of duties in evidence in the accounting procedures.
- D42 Directors must:
- adhere to the accounting policies and guidelines approved by the CFO, supply information as and when required, and ensure that the advice of the CFO is sought on the development and implementation of any localised systems of costing, accounting and financial control;
- ensure all local systems are integrated with the central accounting system as far as possible and reconciled to the central accounting system on a regular basis;
- ensure that the organisational structure reflects an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice;
- maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements and ensure the secure retention of all documents and vouchers with financial implications for the periods stipulated by the CFO, usually a minimum 6 years;
- ensure that their staff receive relevant financial training;
- ensure that use of computer and other information systems are registered in accordance with data protection legislation and government connects where relevant; and
- ensure that staff are aware of and comply with freedom of information legislation.
- **Purchase Orders**
- D43 It is mandatory to raise Purchase Orders on the Corporate Financial System prior to procuring goods and services, unless an exemption is approved by the CFO.
- D44 Purchase Orders must be raised on the Corporate Financial System for all works, goods and services to be supplied to the Authority, except for periodic

payments such as rent, rates and petty cash purchases unless specifically agreed with the CFO.

- D45 Commitments will be automatically recorded onto the Corporate Financial System through the approval of the purchase order. This ensures that the finance system gives a true picture of the amount of expenditure incurred and the balance remaining against each budget head.
- D46 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.
- **Goods Receipting**
- D47 Budget Holders are responsible for ensuring that:
 - all works, goods or services received are “goods receipted” onto the Corporate Financial System;
 - any mismatches between the order and the goods receipt are resolved in a timely fashion in accordance with the procedures;
 - any mismatches between the goods receipt and the actual invoices are cleared on the system in a timely fashion in accordance with the procedures; and
 - any blocked invoices notified are dealt with in a timely manner.
- **Procurement Cards**
- D48 Procurement Cards can provide an effective method for payment for designated officers who in the course of their official business, have an immediate requirement for expenditure which is relevant to discharge their duties. Officers are required to adhere to the Procurement Card policy.
- **Payments to Suppliers**
- D56 Payment to external organisations for goods and services accounts for a large percentage of the Council’s expenditure each year. Directors should ensure that Contract Procedure Rules are followed for all spending in their departments and that all ongoing arrangements are 100% compliant with a contract and order in place before the issuing of invoices.
- D57 Notwithstanding the need to ensure VFM in all internal & external arrangements, Directors and Budget managers should all ensure that the full requirements of contracts are met before payments are made and that any non-delivery areas are deducted from invoices. Annual and up-front payments to external organisations or contractors should not be made without prior agreement from the relevant Finance & Commercial Procurement Business Partners.
- D58 Where a purchase order has been raised, the supplier must send an invoice to the Corporate Accounts Payable Department. Any invoices received elsewhere in error should be forwarded to the Corporate Accounts Payable Department.

- D59 Payment of all invoices and corporate contracts is made by the Corporate Accounts Payable Team. The method of payment for invoices is BACS and all suppliers/contractors are asked to complete a BACS form.
- D60 The Direct Debit payment method and CHAPS payments are not allowed under normal circumstances. Exceptional circumstances must be authorised by CFO.
- D61 Payment will not be made unless a proper VAT invoice quoting the appropriate purchase order number (or spreadsheet in an approved format) has been received, Corporate Accounts Payable will be responsible for entering all invoices into the corporate finance system and matching against purchase orders raised and the Goods Received Note. Any blocked invoices will be automatically notified to the requisitioner, responsible for the purchase order.
- D62 Directors are responsible for ensuring that any blocked invoices notified to Budget managers are dealt with in a timely manner.
- D63 The CFO is responsible for ensuring that there is a separation of duties between the person authorising the Purchase Order and the person authorising the payment.
- D64 Directors are responsible for ensuring that suppliers are requested to provide invoices for goods, services and works in a timely manner quoting the purchase order number.
- D65 With respect to contracts for works, Directors should document and agree with the CFO the systems and procedures to be adopted in relation to certification of interim and final payments.
- D66 Where a payment under a contract varies from the value specified in the contract, documentation must be obtained to explain the variation, approved as necessary, and retained on file to provide a full audit trail.
- **Unsupported Payments [FB60]**
- D67 All payments to third parties for goods and services should be made to a supplier that has been set up in the financial system, to ensure that the proper procurement process has been followed. Where single payments have to be made to an individual (and no further payments can reasonably be expected) then the Council's unsupported (non invoice) payment process can be used (FB60s). Examples of allowable payments are refunds, insurance claims and legal payments.
- D68 The CFO is responsible for the provision of appropriate guidelines and systems controls to prevent the use of the unsupported payment process to avoid the purchase to pay controls. These will ensure that there is appropriate segregation of duty between raising and authorising the payment.
- D69 Directors must ensure that the unsupported payment process is used appropriately, that guidance issued by the CFO is followed, and that all expenditure is appropriately authorised.
- **Urgent or Emergency Payments**

- D70 In very rare circumstances, the Council may wish to make an urgent payment, for example when a child is at risk or if it would incur a penalty charge if it did not do so. The CFO is responsible for issuing guidance on urgent payments. All urgent payments must be authorised by the CFO.
- **Payments to Employees and Members**
- D71 Staff costs are the largest item of expenditure for most services. It is therefore important that payments are accurate, timely, and made only where they are due for services to the authority, and that payments accord with an individual's conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are in accordance with the scheme adopted by the full Council.
- D72 The Head of Paid Service is responsible for all payments of salaries and wages and expenses to staff, including payments for overtime, honoraria etc. and submission of tax returns to HM Revenue and Customs by their due date for the above. The Head of Paid Service is also responsible for the timely provision of information, and the maintenance of sound financial controls to meet the responsibilities in connection with taxation issues arising from payments to employees.
- **Taxation**
- D73 Under section 33 of the Value Added Tax Act, 1994 Local Authorities are able to fully recover VAT. Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are often severe. It is important that all relevant officers are kept up to date on tax issues and instructed on required record keeping.
- D74 The Resources Corporate Director is responsible for
 - a) providing information to HMRC as required including Pay as You Earn (PAYE), and the Construction Industry Tax Deduction Scheme;
 - b) advising Directors of their responsibilities under the scheme;
 - c) The CFO is responsible for
 - d) completing an accurate monthly return of VAT (inputs and outputs) to HMRC and ensuring that all payments are made within statutory deadlines;
 - e) monitoring the VAT partial exemption calculation in respect of the Authority's de minimus limit of 5% to ensure that it is not exceeded. Completing the annual VAT partial exemption calculation in respect of the Authority's de minimus limit of 5%.

- D75 Directors and Budget managers are responsible for ensuring that the appropriate controls and procedures are operated within the Department or relevant service area in relation to taxation issues. This will include seeking advice from the CFO on VAT matters and ensuring that the correct VAT liability is attached to all income due and that all VAT payable on purchases complies with HM Revenue and Customs regulations.
- D76 The CFO will ensure that the Authority receives appropriate advice on the taxation implications of all significant policy and management initiatives involving partnerships and joint ventures.
- **Ex Gratia Payments**
- D77 An ex gratia payment is a payment made by the Authority where no contractual or legal obligation has been established. An example may be out of court settlement for costs associated with a Member of staff acting on behalf of the authority or to a Member of staff.
- D78 Ex-gratia payments should generally not be made and must always be approved by the CFO and the Monitoring Officer above the limit specified in Section F.
- **Trading Accounts**
- D79 In some areas the Council may operate a trading account. This means that the costs and income from charges relating to the service are ring-fenced in the accounts. Any surplus or deficit is added to a reserve each year.
- D80 The CFO is responsible for ensuring that trading accounts are treated properly in the Council's accounts.
- D81 Directors are responsible for ensuring that, in line with the Local Government Act 2003, charges are set to recover costs without building up significant surpluses, and that any changes in take up of the service which could result in a deficit are reported at an early stage. All charges must be reviewed on a regular basis and annually as a minimum as part of integrated service and financial planning.
- D82 Directors must ensure that work for third parties is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial and legal advice should be sought at an early stage. This will ensure that the Council only carries out work that is within its legal powers, and that financial issues such as insurance and taxation are properly considered.
- D83 Directors must provide appropriate information to the CFO to enable a note to be entered into the Statement of Accounts where necessary.
- **Internal Recharges**
- D84 The CFO will establish a framework for budgeting and accounting for internal recharges, central support services and other departmental recharges in accordance with proper accounting practices and the Service Reporting Code of Practice ("SeRCOP")

- D85 The CFO will arbitrate on disputed recharges.
- D86 The CFO will ensure that recharges are accurate and processed in a timely manner.
- D87 Directors will:
 - notify and agree with client departments in advance of any service provision of all recharges.
 - notify and/or respond to disputed recharges in accordance with the timescales laid down by the CFO.
 - ensure that internal recharges for their services are processed on a monthly basis.
 - ensure that budgets for the purchase and provision of internal services are agreed between purchaser and provider and properly reflected in annual budgets and business plans and budget monitoring statements.
- **Journals**
- D88 Journals are used to correct the coding of income and expenditure, recharges or to carry out balance sheet transactions on the financial System. The CFO will establish a process to ensure that:
 - a) journals can only be generated within agreed levels of delegation and security;
 - b) only authorised inputters and authorisers can generate journal entries;
 - c) an authorised list of inputters and authorisers is maintained on the corporate finance system to verify compliance;
 - d) there is a separation of duties between inputters and authorisers of journals, and
 - e) the corporate financial system will only allow 'balanced' journals to be accepted.

Section E. External Arrangements

- **Contractual Relationships**

- E1 Directors must ensure that work carried out by third parties for the Council is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial, legal and procurement advice should be sought at an early stage. This will ensure that the organisation only carries out work that is within the relevant legal powers, and that financial issues such as responsibility for managing budgets, insurance and taxation are properly considered. All contractual arrangements should be consistent with the CPR.

- **Partnership Arrangements**

- E2 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of the Borough.
- E3 The Cabinet is responsible for approving delegations, including frameworks for partnerships.
- E4 The CFO must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are proper. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- E5 Directors must ensure that the full implications of any partnership are explored and that Finance and Legal officers are consulted at an early stage. The following issues should be addressed:
 - Is a partnership the best vehicle for achieving the desired outcome?
 - What are the objectives of the partnership and are they consistent with the Council's priorities?
 - What is the legal status of the partnership and how will it be governed?
 - What is the liability of the Council and the other partners?
 - Are the respective roles and responsibilities clear?
 - What are the risks and how will they be managed and monitored?
 - How will the performance of the partnership be monitored and how will success be measured?
 - Who employs and manages the staff?
 - How will the partnership be funded and who is responsible for the financial management, accounts and audit arrangements?
 - Are there any taxation issues?
 - Is there a robust business case?
 - How will goods and services required by the partnership be procured?
 - What are the resource implications in terms of staff, premises etc.?

- E6 Directors are responsible for appropriate approvals before any commitment or agreement is entered into.
- E7 A partnership arrangement must not be used as a means of avoiding the procurement rules. Chief Officer Responsibilities are to:
 - (a) Report all new partnerships proposals as required by the Scheme of Delegation.
 - (b) The value of the partnership for this purpose is the sum of the Council's contribution over the life of the partnership (whether capital or revenue) and the value of any contributions in kind e.g. premises, staffing, IT systems etc.
 - (b) Ensure that all new partnerships have a written agreement between the partners covering the following points:
 - the duration, purpose and benefits to be derived from the partnership;
 - the governance arrangements, including the accountable body;
 - agreed service targets and performance reporting;
 - financial reporting, partner contributions over time, ownership of assets, and fees and charges;
 - arrangements for joining, leaving and winding up the partnership;
 - employer and terms of conditions of any staff;
 - insurance arrangements;
 - treatment of VAT and any other tax implications of the partnership.
- **Public Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT)**
- E8 A PFI scheme is one where the local authority is purchasing a capital intensive service from the private sector over the period of a long term contract, normally between 25 to 30 years.
- E9 The CFO's and Council authorisation is required for PFI projects.
- E10 Chief Officers must notify the CFO of any proposed PFI projects before negotiation or funding requests are made and seek Cabinet approval, supported by a business case and an option appraisal. The Chief Officer must seek Financial, Legal and Procurement advice from the outset.
- **Grants to outside Bodies**
- E11 Grants to voluntary bodies and community organisations must be effectively managed, in a similar way to partnerships and procurements.
- E12 Decisions to approve assistance to an outside body by grant must follow the agreed procedures and Scheme of Delegations:-
 - i) the receiving body has been properly identified, has suitable lead parties, a defined work area or purpose, and suitable trust documents or Constitution;
 - ii) any conflicts of interest have been declared and properly managed;
 - iii) any risks to such agreements and to the Council's interests are being adequately and appropriately managed;
 - iv) the assistance contributes to the delivery of the Council's services or to the achievement of the Council's corporate objectives;
 - v) the extent and purpose of the assistance have been properly identified;

- vi) arrangements for the repayment of any loan have been made;
 - vii) arrangements to gain repayment or recovery for the value of the assistance are in place in the event of default by the recipient;
 - viii) any specific conditions relating to the assistance have been identified;
 - ix) monitoring arrangements have been put in place, linked to stage payments, to ensure the assistance is used for the purpose approved;
 - x) the recipient will provide evidence to the Council demonstrating proper accounting for, and use of, the assistance, including, access to the accounts of the body for the CFO, or designated representative, and to supporting information, documents and evidence;
 - xi) a legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of grant or other assistance;
 - xii) full records will be maintained of all grants and related applications for assistance, that should identify which staff are involved in the processing of applications and grants, record the date of approval of any grant or other assistance, by whom, and any other relevant transaction information;
 - xiii) Members will approve all grants and assistance to external bodies in accordance with the agreed grants programme guidance;
- E13 The Responsibilities of the CFO are:
 - to advise on effective controls;
 - to advise on any funding implications of grants or assistance;
 - to ensure the accounting arrangements are satisfactory;

- E14 The responsibilities of Directors are:
 - to ensure that the key controls set out above are implemented in respect of all grants made and assistance provided;
 - to undertake any research, e.g. by making enquiries of the Charity Commissioners, into the financial standing of proposed grant receiving bodies;
 - to ensure the use of any corporate standard agreements drawn up by the CFO (as updated from time to time), with any specific conditions incorporated therein.
- **Accountable Body**
 - E15 The Council may from time to time choose to act as the Accountable body for a third party, for example to support local partnership arrangements, pooled budget arrangements or as a condition of grant funding. These arrangements may form part of our contribution in kind to a valued partnership. However, there is work required to support the accountable body role and assuming this responsibility also carries financial risks
- **Chief Financial Officer's Responsibilities**
 - E16 The CFO must approve all Accountable Body arrangements before they are entered into on behalf of the Authority
 - E17 In doing so, the CFO will confirm:
 - there is a suitable formal agreement in place covering duties and responsibilities of all the parties for financial matters (See Partnership Section)
 - the resources are available to undertake the Accountable Body role;
 - there are adequate arrangements in place to recoup the Accountable Body costs from the 3rd party or include them as part of the Council's contribution to the 3rd party arrangements;
 - appropriate checks and safeguards are in place to prevent financial loss to the Council arising from its duties as Accountable Body, including arrangements such as grant claw back, treatment of overspends, loss of assets or fraud;
 - the Council retains the power to retain funding where there is a breach of governance arrangements.
- **Directors Responsibilities**
 - E18 To refer all Accountable Body agreements to the CFO for approval before they are entered into.
 - E19 To provide the CFO with all information and documentary evidence requested in order for the CFO to undertake the Accountable Body role.

- **Emergency Planning**

- E20 In the event of a catastrophic incident being declared, the CFO is authorised to make emergency payments under the London Councils Gold Resolution, to be reimbursed by central government.
- E21 Nothing in these regulations shall prevent expenditure being lawfully incurred by the Head of Paid Service in respect of an emergency under section 138 of Local Government Act, 1972, in accordance with the agreed Scheme of Delegation and emergency plans.
- E22 The CFO must ensure systems are in place to keep proper records of all such emergency expenditure to allow for the submission of a formal claim under the Bellwin or other relevant scheme.
- E23 Directors must ensure that records of all payments and receipts are kept and made available to the CFO in order to facilitate any future claim for assistance.

Section F. Scheme of Approval and Delegation for Financial Transactions

- F1 The following tables show the levels of authority and delegations for financial transactions up to the limits indicated in relation to the approved policies and activities of the Council and provided there is adequate budget provision.
- F2 Financial delegations in relation to Maintained Schools are maintained locally by the appropriate Governing Body.

Delegations – Orders, Unsupported payments and Award of Contract Value

Delegation	Approval of Orders (on SAP)	Approval of Unsupported payments (on SAP)	Award of Contract (Total Value over life of Contract)	Counter signature (*)
Cabinet	N/A	N/A	Over £500,000	
Head of Paid Service	Unlimited	Unlimited	£250,000 to £499,999*	Portfolio holder for Finance
CFO	To approve all payments over £1m (in addition to Corporate Director/Monitoring Officer).	To approve all payments over £1m (in addition to Corporate Director/Monitoring Officer).	£250,000 to £499,999*	Portfolio holder for Finance
Corporate Director/ Monitoring Officer	Unlimited	Unlimited	£100,000 to £249,999	
Director (D grades)	£100,000 to £499,999	£100,000 to £499,999	£50,000 to £99,999	
'M' grades	£50,000 to £99,999	£50,000 to £99,999	£25,000 to £49,999	
'G9 to G11' grades	£0 to £49,999	£0 to £49,999	£0 to £24,999	

Delegations – Petty Cash and Virements (Revenue and Capital)

Delegation	Petty Cash Payment	Virements (Revenue & Capital)	Counter signature (*)
Cabinet	N/A	Over £500,000	
Head of Paid Service	£0 to £250 cash and cheque	£250,000 to £499,999 *	CFO and Portfolio holder for Finance
CFO	£0 to £250 cash and cheque	£250,000 to £499,999 *	Portfolio holder for Finance
Corporate Director/ Monitoring Officer	£0 to £250 cash and cheque	£100,000 to £249,999 *	CFO and Portfolio holder for Finance
Director (D grades)	£0 to £250 cash and cheque	£25,000 to £99,999 *	Corp Director and CFO
'M' grades	£50 to £99 cash £100 to £250 cheque	£10,000 to £24,999 *	Director and CFO
'G9 to G11' grades	£0 to £49 cash £0 to £99 cheque	£0 to £9,999 *	Director and CFO

- **Pension Fund Payments**

Delegation	Approval of Lump sum payments and Fund Transfers
CFO & in their absence Corporate Director of Resources	unlimited
Divisional director – HRD and Shared Service	<£300,000
Service Manager – Shared Services	<£100,000

- **Authorisation of BACS payroll payments**

The following postholders are authorised to approve the payment via BACS of the payroll output from the periodic SAP pay runs.

- Service Managers – Shared Services
- Divisional Director – HRD and Shared Services

- **Procurement of Care Spot Placements**

Procurement of care spot placements – (i.e. individual placements that fall outside of any block contracting arrangements) do not require approval from the Strategic Procurement Board.

A general waiver is granted so that there is no need to tender such requirements acknowledging at all times that the Council has a duty to achieve best value in making such placements.

The Scheme of Delegation for the procurement of care spot placements is as given in the table below.

Further information can be found in the Contract Procedure Rules s 7.9

Social Care Spot Placements Procurement

Delegation	Annual Contract Value of Placements
Statutory Director (portfolio holder must be informed)	£250,000
Statutory Director	£125,000
Head of Service	£62,500

- **Approval Required to commence schemes in the approved capital programme**

Delegation	Amount £
CFO	< £1,000,000
CFO, Leader and Portfolio Holder for Finance	£1,000,000 - £5,000,000
CSB and Cabinet	> £5,000,000
Capital De Minimus - Assets or a group of like assets will be treated as revenue below this level	£10,000

Severance and Ex Gratia Payments

Severance Payments - Pension Fund Committee	> £100,000
Severance Payments – Officer sub group consisting of CFO, Monitoring Officer and Divisional Director of HRD and Shared Services and additionally the Portfolio holder for Finance	£50,000 - £100,000
Severance Payments – Officer sub group consisting of CFO, Monitoring Officer and Divisional Director of HRD and Shared Services	<£50,000
Ex Gratia Payments (excl Severance) – CFO, Monitoring Officer & Cabinet	>£100,000
Ex Gratia Payments (excl Severance) – CFO & Monitoring Officer and Portfolio holder for Finance	£50,000 - £100,000

Ex Gratia Payments (excl Severance) – CFO & Monitoring Officer	<£50,000
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- **Debt Write off**

- F3 Write-offs are subject to approval as follows:

Category	Limit (£)
CFO	£0 - £10,000
Portfolio Holder with responsibility for Finance	£10,000 – £25,000
Cabinet	>£25,000

- F4 The limits apply to individual debts or category of debts. A quarterly report will be submitted to Cabinet summarising write offs of £25,000 and below.

- **Assets**

- F5 The CFO shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below.

- £1,000

- **Land and Property Disposals**

- F6 Corporate Directors in conjunction with the portfolio holder have delegated authority for General Land and Property disposals
- £0.250m. - Anything above £0.250m must be reported to the Cabinet for approval.

- **Fixtures and Fittings Disposals**

- F7 All property, plant or equipment assets disposed of over the value of £10,000 must be cleared with the CFO

- **Money Laundering**

- F8 The maximum amount receivable from a single customer in coin, notes, or travellers cheques in respect of goods or services.

- £5,000

- **HR Related Activities**

- F9 The table below sets out the minimum grade officers need to be to undertake various HR activities.

Task	Grade / Level	Notes
Appointment of staff – MG Grades	Director	Appointing Officer and Budget Manager need to authorise appointment
Appointment of Staff – MG Grades and below	MG 2	Appointing Officer and Budget

Task	Grade / Level	Notes
		Manager need to authorise appointment
Appointment of Staff – Below MG Grades	MG 4	Appointing Officer and Budget Manager need to authorise appointment
Re-organisation / restructure including JE - middle management and below	Director	In consultation with Head of HR
Authorisation of new assignment of Essential Car User allowance to post	Director	
Re-organisation / restructure including JE below middle management	MG 4	In consultation with Head of HR
Authorise job share	MG 4	
Authorise special payments (outside of main payroll run)	MG 4	
Authorise extensions to sick pay	MG 4	In consultation with Head of HR
Authority to manage collective changes to terms & conditions within the agreed HR policy framework (affecting groups of staff)	MG 4	In consultation with Head of HR
Authorise acting up and honorarium payments	MG 4	In consultation with Head of HR
Authority to suspend and dismiss	MG 4	In consultation with Head of HR
Authorise personal injury allowance payment	MG 4	In consultation with Head of HR
Authorise overtime	MG 2 Team Manager	
Authorisation of car loan claims	MG 2	
Authorisation of travel and subsistence claims	MG 2 Team Manager	
Authorise all special and unpaid leave requests	MG 2	In consultation with Head of HR
Authorise ex-gratia payments	MG 2	In consultation with Head of HR

Financial Procedure Notes, Policies & Strategies

Corporate Strategies and Plans				
No.	Financial Regulations section	Procedure Notes	Lead Officer	Reference
S1	Risk Management and Internal Control	Risk Management Strategy	Head of Internal Audit	UK corporate governance Code, 2010, http://harrowhub/info/200193/risk_management/313/risk_management/2
S2	Risk Management and Internal Control	Statement of Risk Appetite	Risk Manager	UK corporate governance Code, 2010, http://harrowhub/info/200193/risk_management/313/risk_management/2
S3	Financial Planning and Management	Medium Term Financial Strategy	s151 Officer	
S4	Financial Planning and Management	Capital Strategy	Deputy 151 Officer	
S5	Financial Planning and Management	Treasury Strategy	Treasury and Pension Fund Manager	
S6	Financial Planning and Management	Pensions Funding Strategy	Treasury and Pension Fund Manager	
S7	Financial Planning and Management	Asset Management Plan	CFO/Divisional Director of Commissioning Services	

Policy and Procedures				
No.	Financial Regulations section	Procedure Notes	Lead Officer	Reference
P2	Other Financial Accountabilities	Closure of Accounts and Accounting Policy	Head of Technical Finance and Accountancy	
P3	Risk Management and Internal Control	Anti-Fraud and Corruption Policy	Manager Corporate Anti-Fraud Team	
P4	Risk Management and Internal Control	Whistle blowing Policy and Procedure	Monitoring Officer	http://harrowhub.harrow.gov.uk/downloads/download/94/whistleblowing
P5	Risk Management	Fraud	Manager Corporate	

	and Internal Control	Investigation guidelines	Anti-Fraud	
P6	Risk Management and Internal Control	Proceeds of Crime Act and Anti Money Laundering Policy	Manager Corporate Anti-Fraud	
P7	Financial Planning and Management	MTFS/Budget Guidance Notes	Deputy s151 Officer	
P8	Financial Planning and Management	Capital Programme	Deputy s151 Officer	
P9	Financial Planning and Management	Fees and Charges Policy	Deputy s151 Officer	
P10	Financial Planning and Management	Budget Monitoring	Deputy s151 Officer	
P11	Financial Systems and Business processes	Debt Management overall Policy Sundry Credit Policy	Head of Collections & Housing Benefits	
P12	Financial Systems and Business processes	Goods Receipt and Invoice Receipt	Manager , Shared Services	
P13	Financial Systems and Business processes	Payment of Invoices	Manager , Shared Services	
P14	Financial Systems and Business processes	Procurement Cards	Director of Procurement	
P15	Financial Systems and Business processes	Expenses, travel and subsistence allowances	Manager , Shared Services	http://harrowhub/downloads/file/71/expenses_policy
P16	Financial Systems and Business processes	Management of the Banking Contract and Operation of Bank Accounts	Treasury and Pension Fund Manager	
P17	Financial Systems and Business processes	Cashier Procedures	Head of Collections & Housing Benefits	
P18	Financial Systems and Business processes	Bank Reconciliation	Head of Technical Finance and Accountancy	
P19	Financial Systems and Business processes	Retention of Documents	Head of Internal Audit	
P20	Property and Resources	Asset Management, including Disposal	Head of Corporate Estate	
P21	Property and Resources	Treasury Management policy and practices	Treasury and Pension Fund Manager	

P22	Property and Resources	Use of Consultants	Director (Human Resources and Development)	
P23	Chart of Accounts/SAP Hierarchy Control		Head of Technical Finance and Accountancy	
P24	Financial Systems and Business processes	Establishment Control	Divisional Director (Human Resources and Development)/CFO	http://harrowhub/downloads/file/278/org_structure_guide_for_managers
P25	Financial Systems and Business processes	Petty Cash Procedures	Head of Technical Finance and Accountancy	
P26	Financial Systems and Business processes	Unsupported Payments (FB60)	Head of Technical Finance and Accountancy / Head of Collections & Housing Benefits	
P27	Other Assets	Asset Disposal		

Registers and Lists				
No.	Financial Regulations section	Register Name	Lead Officer	Reference
R1	Grants and External Funding	Grants Register	Head of Technical Finance and Accountancy	
R2	Asset Management Plan	Asset registers	Directors	
R3	Preventing Fraud, Bribery and Corruption	Register of interests	Relevant Director	
R4	Risk Management and Risk Strategy	Corporate Risk Register	Head of Internal Audit	
R5		Local Land Charges Register	Monitoring Officer	
R6	Land and Buildings	Schedule of disposals	Corporate Director of Environment and Enterprise	
R7	Section 106 and Community Infrastructure Levy (CIL)	S106 and CIL	Deputy 151	
R8		Procurement Cards	Director Commercial, Contracts and Procurement	
R9	Land and Buildings	Terrier	Head of Corporate Estate	

Section G Glossary and Abbreviations

- **Accounting Officer**

Every central Government organisation is required to have an Accounting Officer, who is usually the senior official in the organisation. They have personal responsibility for the overall organisation, management and staffing of the department and for department-wide procedures in financial and other matters.

- **Accounting Records**

All of the prime documentation, whether paper, electronic or in another form, involved in the preparation of financial statements or records relevant to audits and financial reviews. Accounting records include records of assets and liabilities, monetary transactions, ledgers, journals, and any supporting documents such as purchase orders, goods receipt notes, cheques, invoices and receipts.

- **Accrual**

Procedure for accounting in one financial year for expenditure actually made or income actually received in the following year although due or chargeable in the year of account – entries made in the year of account are reversed in the following year.

- **Agency Staff or Worker**

Under Regulation 3 of the Agency Workers Regulations 2010, an “agency worker” is defined as an individual who is supplied by a temporary work agency to work temporarily for and under the supervision and direction of a hirer. They have a contract of employment with the agency or a contract to perform work and services personally with the agency. See also Consultant

- **AMP (Asset Management Plan)**

Corporate and departmental plans outlining how the Council plans to manage its assets.

- **Audit Committee**

In Harrow The Governance, Audit, Risk Management & Standards Committee is the Audit committee.

- **Balances**

Amounts carried forward in the accounts from one financial year to another

- **Budget**

The Council’s spending plans for a financial year. The revenue budget, when approved by the full Council and after deduction of Revenue Support Grant and redistributed Business Rates, determines the Council Tax for the year. The capital budget represents the approved amount of capital expenditure for a year together with how it will be funded. (Budget can refer to the total budget or to a service or part of a service).

- **Budgetary Control**

Comparison of actual expenditure and income against approved budgets during the year and the taking of action to resolve any variations which arise.

- **Capital Expenditure**

Expenditure on making, buying or substantially improving fixed assets.

- **Capital Programme**

Sets out the Council's capital expenditure plans for the near future.

- **Capital Receipts**

The net proceeds arising from the sale of land, buildings and other fixed assets owned by the Council and any other income deemed by statute to be of a capital nature.

- **Capital Resources**

Amounts available to finance capital expenditure - including borrowing, capital receipts, capital grants and revenue.

- **Cash Limit**

A budget set at a fixed level with no scope for subsequent increase.

- **Charges**

Income raised from the users of services both external or internal, which may be either set by central government or set by the authority.

- **Chart of Accounts**

The organisation and numbering of accounts held in the general ledger. For local authorities recommended best practice is contained within CIPFA's "Statement of Recommended Practice" (SeRCOP)

- **Chief Financial Officer (CFO)**

The Chief Financial Officer (CFO) is the organisation's most senior executive role charged with leading and directing financial strategy and operations. All Local Authorities must appoint a Chief Finance Officer (CFO) under Section 151 of the Local Government Act 1972. The CFO is critical to:

- Maintaining strong financial management underpinned by financial controls to maintain probity. This includes corporate risk management, partnership arrangements, effective prudential borrowing and fund management, internal audit function, anti-fraud and corruption, financial systems, sound financial records and information
- Leading and managing an effective and responsive financial service.
- Supporting and advising officers in their operational roles.
- Supporting and advising democratically elected representatives.
- Contributing to corporate management and leadership, ensuring that finance advice carries the appropriate weight and is of the proper standard.

- **Chartered Institute of Public Finance and Accountancy (CIPFA)**

One of the six chief accountancy institutes which make up the Consultative Committee of Accountancy Bodies. CIPFA is responsible for the education and training of professional accountants in the public sector and for setting accounting standards for local government. Much of the guidance issued by CIPFA has statutory force.

- **Chief Officer (s)**

Corporate Directors and Directors as appropriate.

- **Consultant**

Temporary workers genuinely engaged on a self-employed basis as a consultant or interim, those working on a Council 'as and when contract' or through a managed service contract, for example Capita employees.

- **Contingency**

Amount set aside within an approved budget but not assigned for a specific purpose which may cover, for example, inflation increases or sums retained centrally for allocation during the year.

- **Contingent Asset**

A contingent asset is a possible asset that may arise because of a gain that is contingent on future events that are not under the organisations control.

- **Contingent Liability**

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control

- **De Minimus**

Numerical limit below which the relevant rule or regulation does not apply.

- **Document Retention Schedule**

Details the time, dictated by statute or good practice, for which prime records for various areas of the Council's activity should be retained for possible examination.

- **Estimate**

Anticipated expenditure or income - generally synonymous with "budget".

- **Executive, The**

The decision making body of the Council, consisting of elected Members, in accordance with the Constitution. It can legally take the form of a leader and cabinet, an elected mayor and cabinet, or an elected mayor and council manager.

- **Finance Lease**

A form of credit arrangement where the Council accepts the risks and rewards of ownership of an asset for a major part of the economic life of the asset in return for a periodic payment.

- **FRS (Financial Reporting Standard)**

Accounting standards adopted by Accounting Standards Board.

- **Head of Internal Audit**

The Head of Internal Audit is the officer responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the PSIASS *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.

- **Head of Paid Service**

The Head of Paid Service is a statutory role and is responsible for the leadership and general administration of the Authority.

- **Maintained Schools**

Maintained schools are funded by central government via the local authority. Maintained schools are accounted for within the Council's accounts.

- **Medium Term Financial Strategy (MTFS)**

The MTFS is a forward looking financial strategy for the Council covering at least three years that both revenue and capital

- **Monitoring Officer**

The Monitoring Officer is a designated officer of the Authority appointed under section 5(1) of the Local Government and Housing Act 1989. The Monitoring Officer has responsibility for ensuring the legality of the actions of the Authority and its officers, and for ensuring that the policies of the Authority are properly developed and implemented. The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the standards committee and the CFO.

- **MTFS**

See Medium Term Financial Strategy

- **Money Laundering Reporting Officer**

Businesses that are regulated by the Money Laundering Regulations must appoint a nominated officer to receive and make reports on suspicious activities.

- **Operating Lease**

An agreement whereby the leaser retains the risks and rewards associated with ownership of an asset and normally assumes responsibility for repairs, maintenance and insurance.

- **Overspending**

The excess of actual expenditure at the end of a year or contract which is greater than the approved budget, or actual income which is less than the approved budget.

- **Provision**

The setting aside of financial resources to meet the potential cost of a past occurrence likely to lead to a future obligation of which the timing or amount cannot be precisely quantified.

- **Reserves**

Amounts set aside for specific purposes to meet future expenditure which do not qualify as provisions (also called earmarked reserves).

- **Revenue Budget**

Approved amount of revenue expenditure for a financial year.

- **Revenue Expenditure**

Any expenditure that does not meet the capital test must be charged to the Consolidated Revenue Account, including capital charges and any capital expenditure not met from capital resources.

- **SeRCOP**

The CIPFA Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). SeRCOP applies to all local authority services throughout the United Kingdom from 1 April 2014 for the preparation of 2014/15 Budgets, Performance Indicators and Statements of Accounts.

- **Scheme of Delegation**

A formal document recording the agreed handing down of statutory (where allowed) and other responsibilities by the Council to the Cabinet, Cabinet Members, Committees, Panels and Officers.

- **Slippage**

Expenditure on a capital scheme delayed from one financial year into the next but which does not affect the total cost of the scheme.

- **Trading Accounts**

Under the SeRCOP Councils may choose to maintain trading accounts for services that provide goods and service under a commercial or semi commercial agreement:

- **Under spending**

The amount that actual expenditure is less than the approved budget for a given period or conversely actual income is above the approved budget. This represents amounts that will never be incurred or received and should be distinguished from Slippage, which is merely delayed expenditure.

- **Virement**

The approved transfer of budget from one area to another.

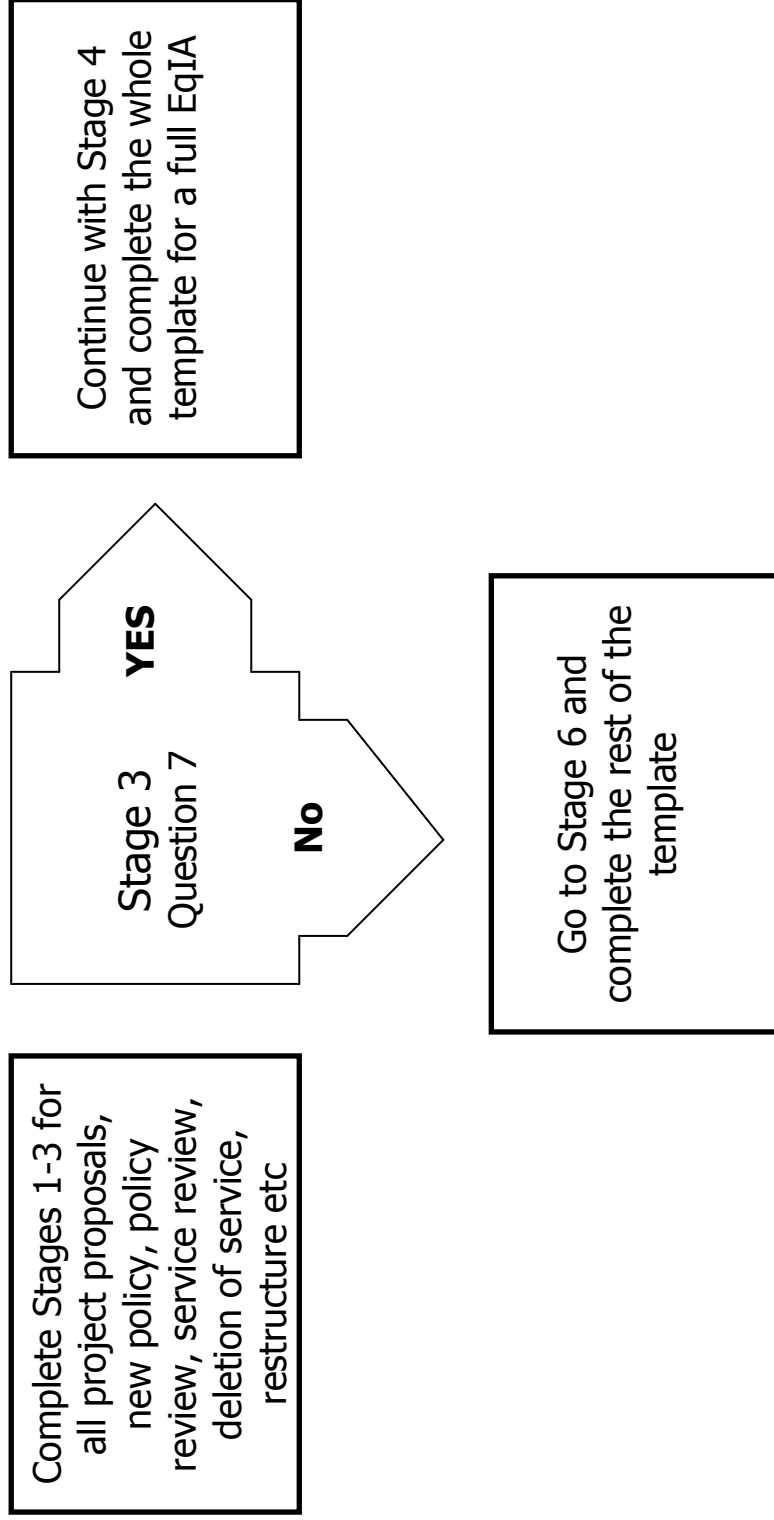
- **Wednesbury Rules**

When developing policy or taking decisions, under the Wednesbury Rules, all officers should ensure that the authority took into account those matters it should, ignored those it shouldn't and came to a reasonable conclusion.

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Equality Impact Assessment Template

The Council has revised and simplified its Equality Impact Assessment process. There is now just one Template. Project Managers will need to complete **Stages 1-3** to determine whether a full EqIA is required and the need to complete the whole template.



Equality Impact Assessment (EqIA) Template

In order to carry out this assessment, it is important that you have completed the EqIA E-learning Module and read the Corporate Guidelines on EqIAs. Please refer to these to assist you in completing this assessment.

It will also help you to look at the EqIA Template with Guidance Notes to assist you in completing the EqIA.

Type of Project / Proposal:	Tick	Type of Decision:	Tick
Transformation		Cabinet	
Capital		Portfolio Holder	
Service Plan		Corporate Strategic Board	
Other		Other	
		Constitutional Working Group	
Title of Project:		Refresh of the existing Contract Procedure Rules & Financial Regulations	
Directorate / Service responsible:		Resources – Finance Resources – Commercial, Contracts & Procurement	
Name and job title of lead officer:		Dawn Calvert – Head of Strategic Finance & Business Nimesh Mehta – Commercial Business Partner	
Name & contact details of the other persons involved in the assessment:		Nimesh Mehta nimesh.mehta@harrow.gov.uk Anand Pajjani anand.pajjani@harrow.gov.uk	
Date of assessment:		17/09/14	
Stage 1: Overview			
1. What are you trying to do? (Explain proposals e.g. introduction of a new service or policy, policy review, changing criteria, reduction / removal of service, restructure, deletion of posts etc)		Refresh the Council's Financial Regulations and the Contract Procedure Rules (CPR's). The purpose of refreshing the Financial Regulations: <ul style="list-style-type: none"> To correct drafting issues To move away from referencing job titles to referring to 'grades' / statutory 	

titles to reduce the number of refreshes required as job titles change / re-structures take place

- To update Scheme of Delegation where appropriate and ensure consistency with the newly refreshed Contract Procedure Rules, Procurement Card policy etc.
- To ensure that all the referenced financial procedure notes, policies and strategies referenced in the regulations are completed

The current CPRs have been in place since 2009 and there have been significant changes to the landscape of local government procurement and the legal framework around it since that time. The purpose of refreshing them:

- A desire to ensure that the CPRs support income generation
- The Public Services (Social Value) Act 2012
- The introduction of the Local Government Transparency Code 2014
- Ensure the CPRs will support the delivery of the recently approved Commercial Strategy

163

Residents / Service Users	Partners	Stakeholders
Staff	Age	Disability
Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity
Race	Religion or Belief	Sex
Sexual Orientation	Other	

2. Who are the main people / Protected Characteristics that may be affected by your proposals? (all that apply)

3. Is the responsibility shared with another directorate, authority or organisation? If so:

- Who are the partners?
- Who has the overall responsibility?
- How have they been involved in the assessment?

Overall responsibility for the Financial Regulations & Contract Procedure Rules update will lie with both Finance and the Commercial, Contracts & Procurement teams.

Stage 2: Evidence / Data Collation

- 4. What evidence / data have you reviewed to assess the potential impact of your proposals? Include the actual data, statistics reviewed in the section below. This can include census data, borough profile, profile of service users, workforce profiles, results from consultations and the involvement tracker, customer satisfaction surveys, focus groups, research interviews, staff surveys; complaints etc. Where possible include data on the nine Protected Characteristics.
- (Where you have gaps (data is not available/being collated), you may need to include this as an action to address in your Improvement Action Plan at Stage 7)

Age (including carers of young/older people)	<ul style="list-style-type: none"> • 0-4: 6.7%, 5-15: 13.4%, 16-64: 65.8%, 65+: 14.1% • This proposal is for the refresh of already existing policy documents, however where these revised versions result in initiatives which have a potential impact on this group an Initial EQIA will be completed where appropriate to do so.
Disability (including carers of disabled people)	<ul style="list-style-type: none"> • 8,160 people in Harrow were recipients of Disability Living Allowance (DLA) in February 2012. • This proposal is for the refresh of already existing policy documents, however where these revised versions result in initiatives which have a potential impact on this group an Initial EQIA will be completed where appropriate to do so.
Gender Reassignment	<ul style="list-style-type: none"> • No information collected. • This proposal is for the refresh of already existing policy documents, however where these revised versions result in initiatives which have a potential impact on this group an Initial EQIA will be completed where appropriate to do so.
Marriage / Civil Partnership	<ul style="list-style-type: none"> • No information collected. • This proposal is for the refresh of already existing policy documents, however where these revised versions result in initiatives which have a potential impact on this group an Initial EQIA will be completed where appropriate to do so.
Pregnancy and Maternity	<ul style="list-style-type: none"> • No information collected, though ONS data reveals 3,585 births in Harrow in 2012.

	<ul style="list-style-type: none"> This proposal is for the refresh of already existing policy documents, however where these revised versions result in initiatives which have a potential impact on this group an Initial EQIA will be completed where appropriate to do so.
Race	<ul style="list-style-type: none"> 2011 ONS data: White 42%, Mixed 4%, Asian/Asian British 43%, Black/African/Caribbean/Black British 8%, Other 3% This proposal is for the refresh of already existing policy documents, however where these revised versions result in initiatives which have a potential impact on this group an Initial EQIA will be completed where appropriate to do so. Christian: 37%, Hindu: 25%, Muslim: 12%, No religion: 10%, Jewish: 4%, Other: 2%, Sikh: 1%, Buddhist: 1% This proposal is for the refresh of already existing policy documents, however where these revised versions result in initiatives which have a potential impact on this group an Initial EQIA will be completed where appropriate to do so.
Religion and Belief	<ul style="list-style-type: none"> 50.6 per cent of Harrow's residents are females: 49.4 per cent are males This proposal is for the refresh of already existing policy documents, however where these revised versions result in initiatives which have a potential impact on this group an Initial EQIA will be completed where appropriate to do so.
Sex / Gender	<ul style="list-style-type: none"> No information collected. This proposal is for the refresh of already existing policy documents, however where these revised versions result in initiatives which have a potential impact on this group an Initial EQIA will be completed where appropriate to do so.
Sexual Orientation	<ul style="list-style-type: none"> In April 2013, 5,712 businesses were paying business rates to Harrow Council. Between 20-21% of Harrow's households were receiving Housing Benefit and/or Council Tax Benefit in December 2012.
Socio Economic	

	<ul style="list-style-type: none"> • 2.9% (4,386) of Harrow's working population were unemployed in February 2012. • In February 2012, around 11,400 of Harrow's working age residents were in receipt of either ESA, IS, IB or SDA. • This proposal is for the refresh of already existing policy documents, however where these revised versions result in initiatives which have a potential impact on this group an Initial EQIA will be completed where appropriate to do so. 		
<ul style="list-style-type: none"> • 5. What consultation have you undertaken on your proposals? 			
Who was consulted?	What consultation methods were used?	What do the results show about the impact on different groups / Protected Characteristics?	What actions have you taken to address the findings of the consultation? (This may include further consultation with the affected groups, revising your proposals).
<p>100</p> <ul style="list-style-type: none"> • This proposal is for the refresh of an already existing set of Financial Regulations and Contract Procedure Rules. • Where necessary, further consultation will be undertaken with residents and communities to shape the delivery of these proposals, in keeping with the ambition of the Administration to consult and engage. 	<p>The refresh of the current set of Financial Regulations and Contract Procedure Rules is based on the manifesto of the current administration and Corporate Plan of the Council.</p>	<p>There is no disproportionate impact of different groups.</p>	<p>No equalities issued identified.</p>
<ul style="list-style-type: none"> • 6. What other (local, regional, national research, reports, media) data sources that you have used to 		<ul style="list-style-type: none"> • ONS data, census data from 2011, Harrow Vitality Profiles, Disability 	

inform this assessment?
 List the Title of reports / documents and websites here.

Stage 3: Assessing Potential Disproportionate Impact

7. Based on the evidence you have considered so far, is there a risk that your proposals could potentially have a disproportionate adverse impact on any of the Protected Characteristics?

	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation
Yes									
No									

YES - If there is a risk of disproportionate adverse Impact on any **ONE** of the Protected Characteristics, continue with the rest of the template.

§ **Best Practice:** You may want to consider setting up a Working Group (including colleagues, partners, stakeholders, voluntary community sector organisations, service users and Unions) to develop the rest of the EqIA
 § It will be useful to also collate further evidence (additional data, consultation with the relevant communities, stakeholder groups and service users directly affected by your proposals) to further assess the potential disproportionate impact identified and how this can be mitigated.

NO - If you have ticked 'No' to all of the above, then go to **Stage 6**

§ Although the assessment may not have identified potential disproportionate impact, you may have identified actions which can be taken to advance equality of opportunity to make your proposals more inclusive. These actions should form your Improvement Action Plan at Stage 7

Stage 4: Collating Additional data / Evidence

- 8. What additional data / evidence have you considered in relation to your proposals as a result of the analysis at Stage 3?
- (include this evidence, including any data, statistics, titles of documents and website links here)

• 9. What further consultation have you undertaken on your proposals as a result of your analysis at Stage 3?

Who was consulted?	What consultation methods were used?	What do the results show about the impact on different groups / Protected Characteristics?	What actions have you taken to address the findings of the consultation? (This may include further consultation with the affected groups, revising your proposals).

Stage 5: Assessing Impact and Analysis

10. What does your evidence tell you about the impact on different groups? Consider whether the evidence shows potential for differential impact, if so state whether this is an adverse or positive impact? How likely is this to happen? How you will mitigate/remove any adverse impact?

Protected Characteristic	Adverse	Positive	Explain what this impact is, how likely it is to happen and the extent of impact if it was to occur. Note – Positive impact can also be used to demonstrate how your proposals meet the aims of the PSED Stage 9	What measures can you take to mitigate the impact or advance equality of opportunity? E.g. further consultation, research, implement equality monitoring etc (Also Include these in the Improvement Action Plan at Stage 7)
	Age (including carers of young/older people)			
Disability (including carers of disabled)				

people)									
Gender Reassignment									
Marriage and Civil Partnership									
Pregnancy and Maternity									
Race									
Religion or Belief									
Sex									
Sexual orientation									
11. Cumulative Impact – Considering what else is happening within the								Yes	No

Council and Harrow as a whole, could your proposals have a cumulative impact on a particular Protected Characteristic?	No impact																											
If yes, which Protected Characteristics could be affected and what is the potential impact?	Yes <input type="checkbox"/> No <input type="checkbox"/>																											
<p>11a. Any Other Impact – Considering what else is happening within the Council and Harrow as a whole (for example national/local policy, austerity, welfare reform, unemployment levels, community tensions, levels of crime) could your proposals have an impact on individuals/service users socio economic, health or an impact on community cohesion?</p> <p>If yes, what is the potential impact and how likely is to happen?</p> <p>12. Is there any evidence or concern that the potential adverse impact identified may result in a Protected Characteristic being disadvantaged? (Please refer to the Corporate Guidelines for guidance on the definitions of discrimination, harassment and victimisation and other prohibited conduct under the Equality Act) available on Harrow HUB/Equalities and Diversity/Policies and Legislation</p>	<table border="1"> <thead> <tr> <th data-bbox="555 1086 687 1294">Age (including carers)</th> <th data-bbox="555 1294 687 1503">Disability (including carers)</th> <th data-bbox="555 1503 687 1711">Gender Reassignment</th> <th data-bbox="555 1711 687 1919">Marriage and Civil Partnership</th> <th data-bbox="555 1919 687 2128">Pregnancy and Maternity</th> <th data-bbox="555 2128 687 2240">Race</th> <th data-bbox="555 2336 687 2240">Religion and Belief</th> <th data-bbox="555 2544 687 2240">Sex</th> <th data-bbox="555 2752 687 2240">Sexual Orientation</th> </tr> </thead> <tbody> <tr> <td data-bbox="687 1086 746 1294">Yes</td> <td data-bbox="687 1294 746 1503"></td> <td data-bbox="687 1503 746 1711"></td> <td data-bbox="687 1711 746 1919"></td> <td data-bbox="687 1919 746 2128"></td> <td data-bbox="687 2128 746 2240"></td> <td data-bbox="687 2336 746 2240"></td> <td data-bbox="687 2544 746 2240"></td> <td data-bbox="687 2752 746 2240"></td> </tr> <tr> <td data-bbox="746 1086 805 1294">No</td> <td data-bbox="746 1294 805 1503"></td> <td data-bbox="746 1503 805 1711"></td> <td data-bbox="746 1711 805 1919"></td> <td data-bbox="746 1919 805 2128"></td> <td data-bbox="746 2128 805 2240"></td> <td data-bbox="746 2336 805 2240"></td> <td data-bbox="746 2544 805 2240"></td> <td data-bbox="746 2752 805 2240"></td> </tr> </tbody> </table>	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation	Yes									No								
Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation																				
Yes																												
No																												
170	<p>If you have answered "yes" to any of the above, set out what justification there may be for this in Q12a below - link this to the aims of the proposal and whether the disadvantage is proportionate to the need to meet these aims. (You are encouraged to seek legal advice, if you are concerned that the proposal may breach the equality legislation or you are unsure whether there is objective justification for the proposal)</p> <p>If the analysis shows the potential for serious adverse impact or disadvantage (or potential discrimination) but you have identified a potential justification for this, this information must be presented to the decision maker for a final decision to be made on whether the disadvantage is proportionate to achieve the aims of the proposal.</p> <p>§ If there are adverse effects that are not justified and cannot be mitigated, you should not proceed with the proposal. (select outcome 4)</p> <p>§ If the analysis shows unlawful conduct under the equalities legislation, you should not proceed with the proposal. (select outcome 4)</p>																											
Stage 6: Decision																												
13. Please indicate which of the following statements best describes the outcome of your EqIA (tick one box only)																												
Outcome 1 – No change required: the EqIA has not identified any potential for unlawful conduct or disproportionate impact and																												

all opportunities to advance equality are being addressed.	
Outcome 2 – Minor adjustments to remove / mitigate adverse impact or advance equality have been identified by the EqIA. <i>List the actions you propose to take to address this in the Improvement Action Plan at Stage 7</i>	
Outcome 3 – Continue with proposals despite having identified potential for adverse impact or missed opportunities to advance equality. In this case, the justification needs to be included in the EqIA and should be in line with the PSED to have 'due regard'. In some cases, compelling reasons will be needed. You should also consider whether there are sufficient plans to reduce the adverse impact and/or plans to monitor the impact. (Explain this in 13a below)	
Outcome 4 – Stop and rethink: when there is potential for serious adverse impact or disadvantage to one or more protected groups. (You are encouraged to seek Legal Advice about the potential for unlawful conduct under equalities legislation)	
13a. If your EqIA is assessed as outcome 3 or you have ticked 'yes' in Q12 , explain your justification with full reasoning to continue with your proposals.	

Stage 7: Improvement Action Plan

14. List below any actions you plan to take as a result of this Impact Assessment. This should include any actions identified throughout the EqIA.				
Area of potential adverse impact e.g. Race, Disability	Action required to mitigate	How will you know this is achieved? E.g. Performance Measure / Target	Target Date	
			Lead Officer	
			Date Action included in Service / Team Plan	
All	Ensure that where appropriate key initiatives resulting from objectives within the Category Management approach have initial Equality Impact Assessments undertaken, and where necessary full EqIAs.	Documentation completed in accordance Council policy.	Before the end of 2015/16 and annually thereafter.	Terry Brewer, Divisional Director, Commercial, Contracts & Procurement
All	The progress against this approach will be reviewed at least every six months with Scrutiny.	Progress reports provided to Scrutiny and their feedback to these.	To fit with the Scrutiny cycle.	Terry Brewer, Divisional Director, Commercial, Contracts & Procurement

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Stage 8 - Monitoring

- The full impact of the proposals may only be known after they have been implemented. It is therefore important to ensure effective monitoring measures are in place to assess the impact.

15. How will you monitor the impact of the proposals once they have been implemented? What monitoring measures need to be introduced to ensure effective monitoring of your proposals? How often will you do this? <i>(Also Include in Improvement Action Plan at Stage 7)</i>	The progress against this Strategy will be reviewed at least every six months with Scrutiny.
16. How will the results of any monitoring be analysed, reported and publicised? <i>(Also Include in Improvement Action Plan at Stage 7)</i>	As above, with Scrutiny.
17. Have you received any complaints or compliments about the proposals being assessed? If so, provide details.	No

Stage 9: Public Sector Equality Duty

18. How do your proposals contribute towards the Public Sector Equality Duty (PSED) which requires the Council to have due regard to eliminate discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between different groups.

(Include all the positive actions of your proposals, for example literature will be available in large print, Braille and community languages, flexible working hours for parents/carers, IT equipment will be DDA compliant etc)

Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010	Advance equality of opportunity between people from different groups	Foster good relations between people from different groups
The initiatives that deliver this approach are not likely to have any direct impact however if they do, will always seek to support the Council in eliminating discrimination, harassment and victimisation.	The initiatives that deliver this approach are not likely to have any direct impact however if they do, will always seek to support the advancement of equality of opportunity.	The initiatives that deliver this approach are not likely to have any direct impact however if they do, will always seek to support the fostering of good relations between different groups.

Stage 10 - Organisational sign Off (to be completed by Chair of Departmental Equalities Task Group)

The completed EqIA needs to be sent to the chair of your Departmental Equalities Task Group (DETG) to be signed off.

<p>19. Which group or committee considered, reviewed and agreed the EqIA and the Improvement Action Plan?</p>	<p>None at this stage</p>		
<p>Signed: (Lead officer completing EqIA)</p>	<p>Terry Brewer</p>	<p>Signed: (Chair of DETG)</p>	<p>Alex Dewsnap</p>
<p>Date:</p>	<p>4/08/14</p>	<p>Date:</p>	<p>04/08/14</p>
<p>Date EqIA presented at the EqIA Quality Assurance Group</p>	<p>N/A</p>	<p>Signature of ETG Chair</p>	

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COUNCIL
13 NOVEMBER 2014

**REVISION OF THE CONTRACT PROCEDURE
RULES**

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REPORT FOR: COUNCIL

Date of Meeting:	13 November 2014
Subject:	Revision of the Contract Procedure Rules
Responsible Officer:	Paul Najsarek, Interim Head of Paid Service
Exempt:	No
Wards affected:	All
Enclosures:	Appendix 1: Revised Contract Procedure Rules

Section 1 – Summary and Recommendations

This report proposes revision to the Contract Procedure Rules to better meet the needs of the Council.

Recommendations:

Council is requested to:

Agree and adopt the revised Contract Procedure Rules.

Section 2 – Report

Why Do the CPRs require revision?

1. There are a number of internal and external factors which have led officers to consider that a revision of the Council's CPRs is necessary:
 - The current CPRs have been in place since 2009 and there have been significant changes to the landscape of local government procurement and the legal framework around it since that time.
 - A desire to ensure that the CPRs support income generation.
 - The Public Services (Social Value) Act 2012.
 - The introduction of the Local Government Transparency Code 2014.
 - Ensure the CPRs will support the delivery of the recently approved Commercial and Procurement Strategy.
2. The demands placed on the Council to achieve savings on its third party spend puts significant emphasis on having lean and clear procedures to promote best practice legally compliant procurement, commercial flexibility and strong contract management. In addition this must be balanced with the Council's public sector duty to ensure value for money, transparency, equal treatment and non discrimination.
3. The revised CPRs provide a clear set of rules that address the points raised above.

Implications of the Recommendation

4. The adoption of the revised CPRs will support the Council's ability to deliver value for money services, in a transparent and compliant way.
5. The CPRs have been revised in conjunction with the revision of the Financial Regulations to ensure consistency between these two key constitutional documents.
6. Table 1 at the beginning of the CPRs provides a quick 'at a glance' guide to the key requirements contained within the document and will make it easier for officers and members to follow.
7. The revised CPRs shift the emphasis of procurement support away from low value routine procurement. The current CPRs require approval for CPR waivers from the Director of Commercial, Contracts and Procurement and Service Directors for any proposal that doesn't comply with CPR where the financial implications are above £5000. The revised CPRs raise this level to £25,000 in order that resources can be focussed on the higher levels of expenditure. This will not

negate the duty for commissioners, etc. to ensure compliance with CPR and value for money in all expenditure.

8. To assist the focus on consideration of high value strategic expenditure the CPRs create good clear internal governance through the introduction of a Procurement Gateway process by having a 2 stage process for obtaining (stage 1) approval to commence procurement and (stage 2) approval to award contracts. This process enables directorate and strategic procurement to be given greater visibility and provides the ability to challenge procurement decisions.
9. There are no negative resource implications; the revised CPRs should create clarity across the organisation on delivering value for money services through best practice procurement.
10. The Director of Commercial, Contracts & Procurement under section 3.3 of the CPRs is permitted to undertake an annual refresh of the document without having to seek Council approval. An imminent example of such a change is the EU procurement directives which will be transposed into UK law in 2015. The changes necessitated by the transposition will need to be reflected in the CPRs.

Current Progress of CPRs revision

11. The Contract Procedure Rules (CPRs) were cleared by the Governance and Risk Management (GARM) Committee on the 14 October 2014 and the Constitution Review Working Group on the 29 October 2014.

Legal Comments

Under section 135 of the Local Government Act 1972 the council must make standing orders with respect to the making of contracts for the supply of goods or materials or for the execution of works.

Contract Standing Orders must include provision for securing competition for such contracts and for regulating the manner in which tenders are invited, but may exempt from any such provision contracts for a price below that specified in standing orders and may authorise the council to exempt any contract from any such provision when the council is satisfied that the exemption is justified by special circumstances.

The council must comply with public procurement rules, currently implemented in the UK by the Public Contracts Regulations 2006 (as amended).

The council must also comply with the Best Value duty under the Local Government Act 1999 to secure continuous improvement in the way in which the council exercises its functions having regard to a combination of economy, efficiency and effectiveness.

The revised CPR also ensure that the council can comply with its public sector equality duty under section 149 of the Equality Act 2010 and the Public Services (Social Value) Act 2012

Financial Implications

The CPR's are linked with the Council's Financial Regulations which details the overall regulatory framework of Local Authorities as well as Harrow's own approach to financial management. The Financial Regulations were refreshed in full and agreed by Council in May 2013. They are currently subject to a brief update and will be consistent with the CPR's in respect of the Scheme of Delegation for award of contract value.

Risk Management Implications

There is a risk associated with not adopting the refreshed Contract Procedure Rules in that they support the delivery of the Council's priorities in a compliant manner.

Equalities implications

Was an Equality Impact Assessment carried out? Yes

Commissioning and Procurement projects will have to undertake equalities assessments.

The material changes in the revised CPRs are primarily as a result of changes to the financial regulations and legislation such as the Social Value Act. The CPRs otherwise have gone through a process of revision to make them shorter and more understandable.

Council Priorities

The recommendation to adopt the new CPRs supports each of the Council's priorities. The ultimate outcome is to ensure that the most important council services benefit from smarter management of the way the Council makes decisions on expenditure, supplier selection and contract management.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 03 November 2014		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 04 November 2014		

Ward Councillors notified:	NO
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Section 4 - Contact Details and Background Papers

Contact:

Terry Brewer
Divisional Director Commercial, Contracts and Procurement

Tel: 020 8416 8442

Email: terry.brewer@harrow.gov.uk

Background Papers: Revised Contract Procedure Rules

If appropriate, does the report include the following considerations?

1.	Consultation	Yes
2.	Priorities	Yes

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(DRAFT)

Contract Procedure Rules (CPRs)

03 November 2014

Function	Consultation	Date
Commercial Director and Team (Resources)	All	Throughout
Finance (Resources)	Dawn Calvert Dave Roberts Jessie Mann Jo Frost Donna Edwards Steve Tingle Cliff Parker Hasina Shah	Throughout 29 April 2014 19 Feb 2014 28 April 2014 04 April 2014 Throughout 07 April 2014
Legal	Stephen Dorrian and team	19. March 2014 09 April 2014 21 August 2014 05 Nov 2014
C&F	Richard Selwyn	28 April 2014
CHWB	Chris Greenway Tim Miller Brian Jones	06 May 2014 06 May 2014 16 May 2014
Housing	Paul Mullins Maggie Challoner	06 May 2014 08 May 2014
	Mark Billington	22nd May & 04 Sep 2014
Audit	Susan Dixon	29 April 2014
	Mala Kriplani	15 April 2014
Equalities	Mohammed Ilyas Alex Dewsnap	30 April 2014 07 Oct 2014
Boards	SPB Ops Board CSB Housing DCB SDB	24 Feb and 30 Sep 2014 14 May and 20 Aug 03 Sep 2014 08 & 20 May 2014 03 Sep 2014
Clearance	Finance Legal	02 Sep & 14 Oct 2014 02, 05, 10 & 18 Sep & 14 Oct 2014
	Governance, Audit and Risk Management Committee (GARM)	17 Sep 2014 29 Sep 2014
	Constitution Review Working Group	30 Oct 2014
	Full Council Meeting	13 Nov 2014

TABLE OF CONTENTS	Page
Table 1 – Authorisation and Acceptance Thresholds	3
Table 2 – Waiver Approval Process	7
1. Preamble	9
2. Introduction	9
3. Application	10
4. Scope	11
5. Roles and Responsibilities	12
6. Authorisation	14
7. Procurement Method	15
8. Information Governance	15
9. Acceptance	16
10. Contract Signing and Sealing	16
11. Contract Management	17
12. Extensions and Variations	17
13. Waivers	18
Glossary of Definitions	19

Table 1: Authorisation and Acceptance Thresholds

Total Spend/Aggregate Contract Value	Procurement Process	Documentation Required	Authorisation under Scheme of Delegation
<p>Low Value – non recurring spend up to £500</p> <p>Upper Limit for Petty Cash and cheques is £250</p>	<p>Procurement Cards should be used in accordance with the Procurement Card policy.</p> <p>In accordance with the Petty Cash and Cheque policy.</p>	<p>Receipts must be kept as evidence of purchase.</p>	<p>Not Applicable</p>
<p>REQUEST FOR QUOTATION</p> <p>£0-4,999</p>	<p>Minimum 1 quotation required which must be from a local business*</p>	<p>Quotation must be attached to the shopping cart in SAP</p> <p>FWi – manual copies of quotations / contracts must be kept on file.</p>	<p>Grade 9 – Grade 11</p>
<p>REQUEST FOR QUOTATION</p> <p>£5,000 - £24,999</p>	<p>Minimum 3 quotations required of which at least 1 must be sought from a local business.*</p>	<p>Quotation must be attached to the shopping cart in SAP</p> <p>FWi – manual copies of quotations / contracts must be kept on file.</p>	<p>Grade 9 – Grade 11</p>
<p>REQUEST FOR QUOTATION</p> <p>£25,000 – £49,999</p>	<p>Requirement must be advertised and tendered via the London Tenders Portal and Contracts Finder.</p> <p>Minimum 3 quotations required from capable suppliers. At least 1 quotation should be from a local business.*</p>	<p>Quotations must be attached to the shopping cart in SAP with reference to the London Tenders Contract reference number.</p> <p>FWi – manual copies of quotations / contracts must be kept on file.</p> <p>As a minimum the Council's Terms and Conditions of Contract must be issued with the Purchase Order.</p>	<p>Management Grade</p>

185

Total Spend/Aggregate Contract Value	Procurement Process	Documentation Required	Authorisation under Scheme of Delegation
<p>TENDER PROCESS</p> <p>£50,000 – £99,999</p>	<p>Procurement must be consulted.</p> <p>Requirement must be advertised and tendered via the London Tenders Portal and Contracts Finder.</p> <p>Minimum 3 tenders required from capable suppliers. At least 1 quotation should be from a local business.</p>	<p>A written contract must be signed by the Council and the supplier.</p>	<p>Director Grade</p>
<p>TENDER PROCESS PROCUREMENT INVOLVEMENT IS MANDATORY</p> <p>£100,000 - £249,000</p>	<p>Approval to procure should be obtained by completing a procurement gateway 1 report and seeking clearance from the Directorate Procurement Board prior to any tender activity commencing.</p> <p>Requirement must be advertised and tendered via the London Tenders Portal and Contracts Finder.</p> <p>Procurement of supplies, services and works over the current OJEU value thresholds require OJEU advertising. See link below for current thresholds. http://www.ojec.com/thresholds.aspx</p> <p>Approval to award must be obtained by completing a procurement gateway 2 award report and seeking clearance from the Directorate Procurement Board and subsequently signed approval from the relevant Scheme of Delegation signatories.</p> <p>When required standstill period must be observed prior to award of contract.</p>	<p>Procurement Gateway 1 – Procurement options report</p> <p>OJEU and Contracts Finder advert (if applicable)</p> <p>Pre qualification Questionnaires only required for procurement above OJEU thresholds.</p> <p>Invitation to Tender Documents which will include: Terms and Conditions of Contract; Service Specification; Method Statement Questions; Pricing Document; Information to Tenderers including clear evaluation criteria and sub criteria.</p> <p>Procurement Gateway 2 – Award Report</p> <p>OJEU and Contracts Finder Contract Notice and Contract Award Notice (if applicable)</p> <p>The Council's Terms and Conditions of Contract must be sealed by the Director of Legal and Governance Services.</p> <p>The master signed and sealed copies must be handed to the Commercial, Contracts & Procurement team. One master copy will then be sent to the supplier and one retained by the Council's Commercial, Contracts & Procurement Team.</p>	<p>Corporate Director Grade</p> <p>OR</p> <p>Monitoring Officer</p>

Total Spend/Aggregate Contract Value	Procurement Process	Documentation Required	Authorisation under Scheme of Delegation
<p>TENDER PROCESS PROCUREMENT INVOLVEMENT IS MANDATORY</p> <p>£250,000 - £499,999</p>	<p>The Directorate Portfolio Holder and the Portfolio Holder with responsibility for Finance and Major Contracts must be consulted at the planning stage of procurement.</p> <p>Approval to procure should be obtained by completing a procurement gateway 1 report and seeking clearance from the Directorate Procurement Board prior to any tender activity commencing.</p> <p>Requirement must be advertised and tendered via the London Tenders Portal and Contracts Finder.</p> <p>Procurement of supplies, services and works over the current OJEU value thresholds require OJEU advertising. See link below for current thresholds. http://www.ojec.com/thresholds.aspx</p> <p>Approval to award must be obtained by completing a procurement gateway 2 award report and seeking clearance from the Directorate Procurement Board and subsequently signed approval from the relevant Scheme of Delegation signatories.</p> <p>When required standstill period must be observed prior to award of contract.</p>	<p>Procurement Gateway 1 – Procurement options report</p> <p>OJEU and Contract Finder advert (if applicable)</p> <p>Pre qualification Questionnaires only required for procurement above EU threshold.</p> <p>Invitation to Tender Documents which will include: Terms and Conditions of Contract; Service Specification; Method Statement Questions; Pricing Document; Information to Tenderers including clear evaluation criteria and sub criteria.</p> <p>Procurement Gateway 2 – Award Report</p> <p>OJEU and Contracts Finder Contract Notice and Contract Award Notice (if applicable)</p> <p>The Council's Terms and Conditions of Contract must be sealed by the Director of Legal and Governance Services.</p> <p>The master signed and sealed copies of contract must be handed to the Commercial, Contracts & Procurement team. One master copy will then be sent to the supplier and one retained by the Council's Commercial, Contracts & Procurement Team.</p>	<p>Portfolio Holder with responsibility for Finance and Major Contracts.</p> <p>AND ONE OF THE FOLLOWING:</p> <p>Head of Paid Service</p> <p>Chief Financial Officer</p>

Total Spend/Aggregate Contract Value	Procurement Process	Documentation Required	Authorisation under Scheme of Delegation
<p>TENDER PROCESS PROCUREMENT INVOLVEMENT IS MANDATORY</p> <p>£500,000+ And all Key Decisions</p>	<p>Directorate Portfolio Holder must be consulted throughout the commissioning planning and procurement phase of the project.</p> <p>For procurements valued at £1 million and above consultation is also required with the Portfolio Holder with responsibility for Finance and Major Contracts.</p> <p>Approval to procure should be obtained by completing a Cabinet report prior to any tender activity commencing.</p> <p>Requirement must be advertised and tendered via the London Tenders Portal and Contracts Finder.</p> <p>Procurement of supplies, services and works over the current OJEU value thresholds require OJEU advertising. See link below for current thresholds. http://www.ojec.com/thresholds.aspx</p> <p>Approval to award must be obtained by completing a Cabinet report seeking approval to make an award of contract.</p> <p>When required standstill period must be observed prior to award of contract.</p>	<p>The procurement must be recorded on the Key Decisions Forward Plan.</p> <p>Cabinet Report – Seeking mandate to commence procurement. This report must be cleared by the Strategic Procurement Board before it is submitted to cabinet for approval.</p> <p>OJEU and Contracts Finder Advert (if applicable)</p> <p>Pre Qualification Questionnaire required for procurement at this value threshold.</p> <p>Invitation to Tender Documents which will include: Terms and Conditions of Contract; Service Specification; Method Statement Questions; Pricing Document; Information to Tenderers including clear evaluation criteria and sub criteria.</p> <p>Cabinet report seeking approval to award a contract. This report must be cleared by the Strategic Procurement Board before it is submitted to cabinet for approval.</p> <p>OJEU and Contracts Finder Contract Notice and Contract Award Notice (if applicable)</p> <p>The Council's Terms and Conditions of Contract must be sealed by the Director of Legal and Governance Services.</p> <p>The master signed and sealed copies of contract must be handed to the Commercial, Contracts & Procurement team. One master copy will then be sent to the supplier and one retained by the Council's Commercial, Contracts & Procurement Team.</p>	<p>Cabinet</p>

Table 2: Waiver Approval Process

Waiver Value	Documents required for waiver approval	Waiver approval
£25,000 up to £99,999	Please complete the online waiver form which can be accessed via the hub. Please see link below: http://harrowhub.harrow.gov.uk/info/200194/procurement/853/authorisation_forms/2	1) Divisional Director; and
		2) Procurement Commercial Business Partner;
Over £100,000	Procurement Gateway Two award report to be completed and submitted to the Strategic Procurement Board (SPB)	1) Portfolio Holder with responsibility for Finance and Major Contracts
		2) SPB sign off, and
		3) Corporate Director;
Over £500,000	Cabinet Report– Seeking mandate to procure through waiver – requires approval by the Strategic Procurement Board prior to cabinet submission for approval as a key decision.	1) Portfolio Holder with responsibility for Finance and Major Contracts
		2) SPB sign off, and
		3) Cabinet
Please note: Where a waiver is necessary because of an unforeseeable emergency involving immediate risk to persons, property or serious disruption to Council services, a corporate director may authorise the recommendations of the waiver immediately. Where a Procurement Gateway two award report or a cabinet report is required this should subsequently be submitted to the relevant procurement board and cabinet for noting.		

Key Requirements:

*To find local businesses in Harrow, please follow this link to access the Harrow Business Directory.
http://www.harrow.gov.uk/site/custom_scripts/php/harrow_business_directory/business_directory.php

- No commitment should be given to a supplier for goods or services prior to a purchase order being raised. Please see 5.12 of these CPRs.
- Financial disaggregation of Total Procurement Value in order to avoid entering a new threshold is prohibited.
- All contracts, whether income or expenditure should be captured on the Councils Contracts Register as required by the Transparency Code.
- EQIAs must be carried out where there could be significant equalities implications.
- For the Procurement of Care Spot Placements: Community Health & Wellbeing and Children & Families Directorates please see 6.8 of these CPRs.

Contract Variation or extension Acceptance**Extensions and Variations****Values below EU Threshold**

- If no significant change in scope and costs are within 10% of contract value - extend with relevant Budget Holder approval
- If costs are above 10% - a waiver will be required.

OJEU Level

- If no significant change in scope and costs are within 10% of contract value - extend with relevant Budget Holder approval & Commercial Business Partner.
- If costs are above 10% seek advice from Commercial Business Partner and Legal because there may be a legal requirement to advertise again to the market.
- Note that it is only possible to vary a Part A Procurement contract which was originally subject to the Public Procurement Regulations in limited circumstances (including where the variation or extension option was clearly set out in the original OJEU notice). Seek advice from the Commercial Business Partner and Legal in these cases.

1 PREAMBLE

- 1.1 The Council's Contract Procedures Rules are designed to ensure that stewardship and probity are maintained within the Council and that Approved Officers obtain Best Value services and Value for Money from purchasing arrangements.
- 1.2 These Contract Procedure Rules should be read in conjunction with the Council's Financial Regulations which set out mandatory financial procedures to be followed. These can be found by following the link below.
http://harrowhub/downloads/file/6581/financial_procedure_rules-april_2013
- 1.3 These Contract Procedure Rules are designed to ensure compliance with the Council Constitution, Council policy, Public Procurement Regulations and English law.
- 1.4 The Contract Procedure Rules are supported by the Procurement Guide that sets out in greater practical detail how to undertake best practice Procurement.
- 1.5 Table 1 and 2 at the beginning of this document set out in summary the key requirements that must be adhered to. However, you are strongly advised to refer to the rest of this document for further guidance and to seek the advice and support of the Commercial, Contracts and Procurement Division.

2 INTRODUCTION

- 2.1 The Council is responsible for spending substantial public funds and other assets and has a duty to demonstrate high standards of probity and stewardship in the day to day management of its affairs.
- 2.2 The Council purchases Supplies, Services and Works from the private, independent and third sector as well as other public bodies. The process of identifying what and why we buy, how much we buy, from whom and at what price is extremely important and we have a duty to ensure this process is underpinned by the requirements of the Public Procurement Regulations which include equality of treatment, transparency and non-discrimination. Commissioning and Procurement decisions are amongst the most important the Council makes because we are spending public money and therefore are publically accountable.
- 2.3 The Council has a responsibility to ensure that, as a minimum, Supplies, Works and Services are of good quality and are competitively but sustainably priced.
- 2.4 Effective, efficient and economic use of resources in order to achieve Best Value is a statutory duty. In working to achieve Best Value, the Council must consider overall value, including **economic, environmental and social value**. This requirement is embodied in the Public Services (Social Value) Act 2012 for Services Contracts above the EU Threshold.
- 2.5 The Council must at all times act with integrity and comply with statutory requirements. Council officers must at all times act transparently and avoid acting in an unfair and discriminatory way.

- 2.6 If officers fail to comply with these Contract Procedure Rules, which lay down minimum mandatory requirements when engaging in procurement activity, disciplinary action may be considered.
- 2.7 Members and Council employees have a duty to report breaches of Contract Procedure Rules to an appropriate senior manager and the Director of Commercial, Contracts and Procurement.
- 2.8 Unless the context otherwise requires, terms used in these Contract Procedure Rules have the meanings set out in the Definitions section.

3 APPLICATION

- 3.1 The Contract Procedure Rules provide the governance structure within which the Council may procure Works, Supplies and Services. The aims of these Contract Procedure Rules are to ensure:
 - 3.1.1 Commitment to the principles of transparency, fairness and equal treatment within the procurement process;
 - 3.1.2 Value for money and propriety in the spending of public money;
 - 3.1.3 That works, supplies and services are delivered effectively and efficiently without compromising the Council's ability to take strategic decisions;
 - 3.1.4 That the Council is not exposed to unnecessary risk or challenge arising from non-compliant procurement activity;
 - 3.1.5 Compliance with legislation, and relevant guidance including Procurement Policy Notes issued by the Cabinet Office; and
 - 3.1.6 The delivery of economic, environmental and social value through Procurement.
- 3.2 The Governance, Audit and Risk Management and Standards Committee (GARM) and the Constitution Review Working Group (CRWG) may, from time to time, recommend to Cabinet changes to the financial thresholds set out in these Contract Procedure Rules.
- 3.3 The Director of Commercial, Contracts and Procurement is permitted to undertake an annual refresh to this document without having to seek CRWG and Cabinet approval. These include any changes required as a result of a change in law and all non material changes. The Director of Commercial, Contracts and Procurement must do this in consultation with the Director of Legal and Governance Services, the Portfolio Holder with responsibility for Finance and Major Contracts and inform the Corporate Strategic Board (CSB) of these changes including what impact they have on the Council.
- 3.4 The Director of Commercial, Contracts and Procurement in consultation with the Corporate Director of Resources shall maintain and issue the Contract Procedure Rules and the Procurement Guide. The Contract Procedure Rules take precedence over the Procurement Guide.

- 3.5 All Procurement activity needs to adhere to the Scheme of Delegation as set out in the Financial Regulations.
- 3.6 The Procurement Guide provides a more detailed explanation of Procurement best practice, procedures, processes, associated Council policies and required Contract terms.
- 3.7 All officers must undertake Procurement in a manner which avoids any potential conflicts of interest and must follow the appropriate procedure for declaring interests as set out in the 'Code of Conduct for Council Employees'
- 3.8 Where there is inconsistency between these Contract Procedure Rules and the Financial Regulations, the latter take precedence. Please report any inconsistencies in writing to the Director of Finance and Assurance and the Director of Commercial, Contracts and Procurement.

4 SCOPE

- 4.1 The Contract Procedure Rules apply to all Procurement activities, including the receipt of income or where funding is received by the Council from external sources.
- 4.2 Where the Council is entering into a Contract as an agent and/or in collaboration with another public body or organisation, these Contract Procedure Rules apply only in so far as they are consistent with the requirements of the organisation with whom we are collaborating. Where the Council is acting as principal the Contract Procedure Rules will take precedence.
- 4.3 The Scheme for Financing Schools 2013 requires schools under Council control to comply with these Contract Procedure Rules.
- 4.4 Framework Agreements that have been established by other Public Sector Bodies that are lawfully accessible to the Council should be used in accordance with the terms and conditions of the relevant Framework Agreement.
- 4.5 The following are out of scope of the Contract Procedure Rules:
 - 4.5.1 Social Care Spot Placement (see section 6.8)
 - 4.5.2 Any purchase or sale of a property, interest in land, transaction in land and or lease transaction is excluded from the Contract Procedure Rules but must be authorised in accordance with the requirements set out in the Constitution and, specifically, the Management of Asset, Property and Land Rules.
 - 4.5.3 Procurement of Services from other public bodies where it can be evidenced that the body is the only supplier of the good or service.
 - 4.5.4 The awarding of grants. However council officers should always ensure the principles of openness, fairness, non discrimination and Value for Money applies.

5 ROLES AND RESPONSIBILITIES

Each Corporate Director with the support of the Director of Commercial, Contracts and Procurement is accountable for all Procurement activity in their respective directorates. Their duties are to:

- 5.1 Ensure compliance with the Public Procurement Regulations, Financial Regulations, Contract Procedure Rules and the Procurement Guide;
- 5.2 Ensure compliance with the Local Government Transparency Code October 2014 issued by the Department for Communities and Local Government.
- 5.3 Ensure the use of compliant best practice Procurement for their directorate's Procurement activity;
- 5.4 Ensure that no Procurement over the specified threshold (see Table 1) commences without the approval of a Procurement Gateway 1 report at the appropriate Directorate Procurement Board. A Cabinet report is required for all Procurements over £500,000 or where the Procurement is defined as a Key Decision. A Gateway 1 report does not need to be written where a Cabinet report is required. However, all Cabinet reports must be approved by the Strategic Procurement Board as part of their journey to Cabinet approval.
- 5.5 Ensure that no commitment to enter into a Contract with a third party over the specified threshold (See Table 1) is made without a Procurement Gateway 2 award report having been approved at the appropriate Directorate Procurement Board and having been signed off under the Scheme of Delegation. A Cabinet report is required for all Procurement over £500,000 or where the Procurement is defined as a Key Decision. A Gateway 2 award report does not need to be written where approval of an award is required from Cabinet. However, all Cabinet reports must be approved by the Strategic Procurement Board as part of their journey to Cabinet approval.
- 5.6 Ensure that Procurement carried out for Works, Supplies and Services delivered or provided by third parties for the Council are approved and covered by suitable Council terms and conditions of contract so that the responsibilities of each party are clear. If it is deemed necessary to sign up to third party terms and conditions of contract the prior approval of the Director of Commercial, Contracts and Procurement must be received in writing. Legal advice should be sought from HB Public Law on all legally binding Contracts entered into by the Council.
- 5.7 Ensure that the ten days Standstill Period between the Contract award decision and Contract signature is observed where required to do so. Seek procurement and legal advice on this matter.
- 5.8 Ensure that Contract terms and conditions to be used in a Procurement have been approved by the Director of Legal and Governance Services;
- 5.9 Use their best endeavours to ensure that no Contract commences prior to the Terms and Conditions of Contract being signed and, where necessary, sealed;
- 5.10 Ensure that all master copies of Contracts are delivered to the Commercial, Contracts & Procurement Team for safekeeping.

- 5.11 Ensure that all Key Decisions as defined in Article 13 of the Constitution are recorded on the Council's Forward Plan
- 5.12 Mandate under section D42 of the Financial Regulations to raise Purchase Orders on the Corporate Financial System prior to procuring goods and Services, unless an exemption is approved by the Director of Finance and Assurance;
- 5.13 Ensure that all Contracts are awarded on the basis of the *Most Economically Advantageous Tender (MEAT)*. Social and environmental criteria must be used as part of the assessment process, to the extent that they relate proportionately to the subject matter of the Contract and are non-discriminatory;
- 5.14 Identify, evaluate, record and appropriately mitigate risk (e.g. provision of performance bond, parent company guarantee and appropriate payment provisions and termination clauses within Contracts);
- 5.15 Ensure that all Invitation to Tender documents clearly describe the Evaluation Criteria, sub criteria and weighting and that the tender evaluation is based strictly on the published criteria and weighting.
- 5.16 Ensure that Evaluation Criteria require the bidder to state how they will meet social value considerations (i.e. employment, training, apprenticeships, use of SME's and local suppliers).
- 5.17 Ensure immediate corrective action is taken in the event of a breach of the Contract Procedure Rules;
- 5.18 Ensure that their Directorate supports and facilitates the work of the Commercial Business Partner to maintain a Three Year Procurement Plan which includes all commissioning intentions and planned Procurement activity and that this plan is refreshed on an annual basis.
- 5.19 Ensure that the use of the FB60 method of payment is consistent with the guidance set out by the unsupported payments procedure note within the Financial Regulations.
- 5.20 Ensure that Contracts are not artificially underestimated or disaggregated into two or more separate Contracts where the intent is to avoid the application of the Contract Procedure Rules or Public Procurement Regulations.

6 AUTHORISATION

- 6.1 All Procurement activities over £100,000 require the engagement of the Commercial, Contracts and Procurement team in consultation with HB Public Law.
- 6.2 Financial, Procurement, Legal and, where appropriate, ICT clearance must be obtained within reports before they are submitted to Procurement Boards or Cabinet.
- 6.3 A Procurement Gateway 1 report or Cabinet report (see Table 1) for commencement of a Procurement activity must be presented and approved by the respective Procurement Board and Cabinet.
- 6.4 A Procurement Gateway 2 report or Cabinet report (see Table 1) for contract award must be presented to and approved by the respective Procurement Board and Cabinet.
- 6.5 Any Procurement must be authorised in accordance with the Scheme of Delegation as published within the Financial Regulations.
http://harrowhub/downloads/file/6581/financial_procedure_rules-April_2013
- 6.6 All Procurement officers must consider whether it is appropriate to complete an Equalities Impact Assessment. Please refer to the 'Equality in Procurement and Commissioning, A guide for Council Officers' document.
- 6.7 A partnership arrangement must not be used as a means of avoiding the Contract Procedure Rules or Public Procurement Regulations. All new partnership arrangements are required to be reported as required by section E7 of the Financial Regulations. This clause is not applicable to the award of grant payments.
- 6.8 Procurement of Care Spot Placements: Community Health & Wellbeing and Children's Directorates:
 - 6.8.1 Procurement of care spot placements – (i.e. individual placements that fall outside of any block contracting arrangements) do not require approval from the Strategic Procurement Board.
 - 6.8.2 A general waiver is granted so that there is no need to tender such requirements acknowledging at all times that the Council has a duty to achieve Best Value in making such placements.
 - 6.8.3 The Corporate Directors of Community Health & Wellbeing and Children's Services must have in place a process that requires the approval of a Head of Service or a more senior Council officer for all new placements where the annual value of a placement is likely to exceed £ 62,500.
 - 6.8.4 All new placements where the annual value is likely to exceed £125,000 require the approval of the relevant Statutory Director.

- 6.8.5 All new placements where the annual value exceeds £250,000 require the above approvals of the relevant Statutory Director and the Portfolio Holder with responsibility for the respective department must be consulted.
- 6.8.6 The Corporate Directors of Community Health & Well Being and Children's Services must, as a minimum, annually review all care placements (existing and new) in order to continue to demonstrate Value for Money and Best Value. A report will be required to be presented to the Strategic Procurement Board annually on the completion of the review.

7 PROCUREMENT METHOD

- 7.1 The default position in acquiring Works, Supplies and Services should always be open competition through competitive tendering. Please refer to Table 1 of these Contract Procedure Rules to determine the Procurement process that should be used. The Commercial, Contracts and Procurement Team should be involved and engaged on the Procurement strategy/approach to be adopted for all purchases over £100,000. Similarly the Economic Development Team must be consulted on promoting opportunities to local companies through Business Newsletters and Supplier Events.
- 7.2 All tender opportunities for Works, Supplies and Services over £25,000 must be advertised openly and in accordance with Table 1.
- 7.3 The E-Procurement portal must be used for any Procurement where the lifetime value of the Contract exceeds £50,000. To be consistent with the transparency code and best practice Procurement, the Contract Procedure Rules strongly recommend the use of the E-Procurement portal when sourcing/advertising your requirement for values above £25,000.
- 7.4 The use of Pre Qualification Questionnaire will only be required for contract values above the EU threshold.
- 7.5 The Director of Commercial, Contracts and Procurement must approve accessing externally established Framework Agreements. Approval for subsequent call-offs from the approved Framework Agreements will be subject to requirements of these Contract Procedure Rules.

8 INFORMATION GOVERNANCE

- 8.1 When procuring, the responsible Council officer must ensure Due Diligence checks are carried out to provide sufficient guarantees that the contractor's technical and organisational security measures for handling and protecting information and data are appropriate, suitable and lawful. This is a requirement under Principle 7 of the Data Protection Act.

- 8.2 Evidence of these checks, copies of policies and guarantees provided by the contractor must be retained by the Council officer responsible for management of the Contract and be regularly reviewed throughout the life of the Contract.
- 8.3 Refer to the Procurement Guide section on Information Governance for more detailed guidance or contact the Information Management Team.
- 8.4 Contract managers must ensure appropriate security measures are applied to prevent the unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data.

9 ACCEPTANCE

- 9.1 Awarding and entering into contractual arrangements for values above £50,000 is subject to:
 - 9.1.1 Re confirmation of budgetary provision as initially identified and allocated prior to any Procurement activity;
 - 9.1.2 Confirmation of acceptable financial status of the service provider; and
 - 9.1.3 The Council's Terms and Conditions of Contract must be signed for values over £50,000 and sealed for all Contracts over £100,000 prior to the commencement of Contract. Legal input from HB Public Law should be sought on Contracts.
- 9.2 Awarding and entering into contractual arrangements for values above £100,000 is subject to:
 - 9.2.1 A Procurement Gateway 1, Procurement Gateway 2 or a Cabinet report approved by the relevant Procurement Board/Cabinet and the Scheme of Delegation (as per sections F3/F4 of the Financial Regulations). As required as per Table 1.
 - 9.2.2 The requirement of 10.2 being met.
- 9.3 Acceptance thresholds for Contract extensions and variations of all values are subject to further conditions as set out in Section 12 (Extensions and Variations) of these Contract Procedure Rules.

10 CONTRACT SIGNING and SEALING

- 10.1 Every Contract or Contract novation must be in a form approved by the Director of Legal and Governance Services or delegated officer, if its value exceeds £50,000 or where it is appropriate to do so due to the nature of the Contract.

- 10.2 Contracts with a lifetime value greater than £100,000 must be sealed on behalf of the Council, unless the Director of Legal and Governance Services or delegated officer directs otherwise. Legal input from HB Public Law should be sought on such Contracts.
- 10.3 Framework Agreements entered into with respect to the provision of social care to individual service users do not require sealing and need only to be signed by the respective Director of Social Care or their nominated representative.
- 10.4 In the circumstances where a Court or Tribunal directs a particular placement, it must be sealed.
- 10.5 Where the Director of Legal and Governance Services or delegated officer considers it desirable that a Contract should be sealed other than as specified above, then such a Contract must be sealed.
- 10.6 All Contracts should have a clear start and end date and detail any extension options permissible.

11 CONTRACT MANAGEMENT

- 11.1 During the life of the Contract, Corporate Directors, Divisional Directors and Lead Commissioners must ensure that the Council's approved processes for contract management, as set out in the Contract Management Procedures are followed.

12 EXTENSIONS and VARIATIONS

- 12.1 Contracts may only be extended without having to seek further Directorate Procurement Board approval if the provisions of 12.1.1 to 12.1.4 are met:
- 12.1.1 The original Contract was awarded on a Contract Procedure Rules compliant competitive tender or quotation process and includes an option to extend without seeking further approval.
 - 12.1.2 The extension or variation is in accordance with the terms and conditions of the existing Contract. Input from HB Public Law and the Commercial, Contracts & Procurement teams should be sought to confirm this is the case and to support the drafting of the extension and/or variation documents.
 - 12.1.3 If the initial Contract was subject to the EU tender procedure, that the extension option was declared within the OJEU Notice.
 - 12.1.4 The Contract has not been extended beyond the approved extension period.
- 12.2 In the event that the provisions of 12.1.1 to 12.1.4 are not met then a Waiver must be sought in accordance with section 13 (Waivers) or alternatively a new Procurement must commence.
- 12.3 A variation to a Contract is only permissible if there is no significant change in scope and costs are within 10% of Contract value. Contract value means the actual / or

accurately estimated aggregate or recurring value exclusive of Value Added Tax over the entire Contract period including any extension options in the Contract.

12.4 In the event that the provisions of 12.3 are not met then a Waiver must be sought in accordance with section 13 (Waivers) or alternatively a new Procurement must commence.

13 WAIVERS

13.1 Circumstances may arise where permission is required to waive one or more of the Contract Procedure Rules. Waivers are reserved for exceptional circumstances and will only be approved where good and sufficient reason has been demonstrated. A Waiver will not be granted simply on the grounds of convenience or because of inadequate forward planning. The Council can only waive the rules established by the Council – the Council cannot waive UK law or EU Procurement Regulations.

13.2 All Waivers must be approved as per Table 2: Waiver Approval Process.

13.3 Waivers to any of the Council's rules must be sought in advance of any contractual agreement, order placement, use of Works, Services or purchase of Supplies.

13.4 Procurement of spot care placements – (i.e. individual placements that fall outside of any block contracting arrangements) are excluded from the requirement to have to be approved through the Strategic Procurement Board. A general Waiver is granted so that there is no need to tender such requirements acknowledging at all times that the Council has a duty to achieve Best Value in making such placements. (Please refer to 6.8 of these CPRs)

13.5 Any Waiver can only be granted for a maximum period of 12 months unless it can be demonstrated that any longer period is in the best interest of the Council.

13.6 Normally the circumstances under which a Waiver can be agreed are:

- a. **Sole Supplier:** It can be proven that there is only one provider who can deliver the Supplies or Services. (It is considered better practice to issue a tender to evidence that there is only supplier.)
- b. **Demonstrable Best Interest:** It can be demonstrated that it is in the Council's best interest and this is clearly demonstrated in the Waiver report.
- c. **Emergency:** There is a clear need to provide a service or a product immediately in the instance of a sudden unforeseen crisis; the immediate risk is to health, life, property or environment.
- d. **Service Imperative:** Demonstrable circumstance that is exceptional.
- e. **Extension as a Waiver:** Where an extension to a Contract is being sought but it is not possible under the current terms and conditions of the Contract.

GLOSSARY OF DEFINITIONS

Term	Definition
Acceptance	The authorisation to enter into a contract with a particular supplier(s) on the terms, conditions and at the price(s) as set out in the contract documents.
Agent	A supplier or consultant employed to act on behalf of the Council.
Approved Officer	The Corporate Director, Divisional Director, Service Lead or Lead Commissioner Officer who has responsibility for all contracts tendered and let by their Directorate including contract monitoring and management once the contract is in place.
Authorisation	The approval required to enable any Procurement to commence or any contract to be awarded.
Best Value	The duty on local authorities to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness as implemented by the Council.
Bond	A performance bond issued by a bank or insurance company to guarantee satisfactory contract compliance.
Budget	All the financial resources allocated to different services and projects.
Cabinet	The Councillors who, together with the leader, form the executive
Cabinet Report	A report that is required to be submitted to Cabinet.
Call Off Contract	An enabling agreement with one or more suppliers for a defined range of works, goods or services covering terms and conditions (including price) which users “call off” to meet their requirements

Term	Definition
Central Purchasing Body	A Central Purchasing Body (CPB) is a contracting authority which acquires goods or services intended for one or more contracting authorities. It awards public contracts intended for one or more contracting authorities or concludes framework agreements for works, goods or services intended for one or more contracting authorities.
Chief Financial Officer	Also known as the “Section 151 Officer”. The officer responsible for the administration of the financial affairs of the Council. This is a statutory ‘proper officer’ role.
Code of Conduct for Council Employees	The Council’s published guidance on standards of conduct for Council employees.
Commercial Business Partner	The officer in the Commercial, Contracts & Procurement Division that has responsibility to provide expert support and guidance to the Council.
Commercial, Contracts & Procurement Division.	The team that provides expert Commercial and Procurement support to the Council.
Commercial Strategy	The document that sets out the commercial and procurement priorities of the Council.
Competitive Tendering	Awarding of contracts by the process of inviting competing tenders.
Constitution	A document setting out how the Council operates, how decisions are made and all the procedures that have to be followed.
Contract	A formal written agreement, which is enforceable by law between the Council and the provider of any goods, services or works.
Contract Novation	The substitution of a new contract or for an existing contractor. The new contract extinguishes the rights and obligations of the existing contractor that were in effect under the old contract and transfers these rights and obligations to the new contractor under the new contract.

Term	Definition
Contract Procedure Rules (CPRs)	The rules required in accordance with section 135 of the Local Government Act 1972.
Contracts Register	The record of all Council contracts maintained by the Director of Commercial, Contracts and Procurement.
Corporate Directors	The officers in charge of the Council Directorates.
Directorate Procurement Board	The group of officers who meet regularly in each Directorate to consider and approve procurement gateway reports within their directorates.
Due Diligence	<p>A process of acquiring objective and reliable information, generally on a person or a company, prior to making any decisions.</p> <p>A systematic research effort, which is used to gather the critical facts and descriptive information which are most relevant to the making of an informed decision on a matter of importance.</p>
Electronic Procurement Portal	The Council's electronic system for conducting procurement activity.
EU Procurement Regulations	2014 EU Procurement Directives. Adopted by the EU institutions and were published in the Official Journal of the EU on 28 March 2014. They came into force on 17 April 2014. EU member states now have 2 years to implement them in national legislation.
EU Threshold	The financial threshold above which the EU public procurement directives must be applied. The EU reviews this financial threshold annually.

Term	Definition
Evaluation Criteria	<p>The publishing of detailed objectively quantifiable award criteria and sub criteria linked to the subject matter of the contract together with their weighting (or ranking where weighting is not possible for demonstrable reasons) and the method by which you will evaluate them in the contract documents. They may include but are not limited to:</p> <p>Quality, price, technical merit, functional characteristics, environmental characteristics, running costs, life cycle costs, cost effectiveness, after-sales service and technical assistance, delivery date and delivery period or period of completion, security of supply, and interoperability and operational characteristics.</p>
Executive	The Leader and the Cabinet; responsible for carrying out almost all of the council's functions.
Forward Plan	A schedule of the Key Decisions the Executive expects to take over the next 4 months.
Framework Agreement	An agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.
Financial Regulations	The Financial Regulations as approved by the full Council and set out in the constitution.
HB Public Law	The legal team within the council.
Head of Paid Services	The most senior officer, with overall responsibility for the management and operation of the Council. The Head of Paid Service is a statutory 'proper officer' role.

Term	Definition
Letter of Acceptance	A letter that creates an immediate binding contractual relationship between the Council and the successful tenderer prior to entering into a formal contract.
Letter of Intent	A letter informing a successful tenderer that it is the Council's intention to enter into a contract with her/him in the future but creates no liability in regard to that future contract.
Local Business	Organisations (private, voluntary and or community led) within Harrow who can provide goods and services to the Council
Key Decision	<p>A decision by the Executive which is likely to:</p> <ul style="list-style-type: none"> (i) result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or (ii) be significant in terms of its effects on communities living or working in an area of two or more wards of the Borough. (iii) A decision is significant for the purposes of (i) above if it involves expenditure or the making of savings of an amount in excess of £1m for capital expenditure or £500,000 for revenue expenditure or, where expenditure or savings are less than the amounts specified above, they constitute more than 50% of the budget attributable to the service in question.
Members	The elected representatives of the Council

Term	Definition
Monitoring Officer	<p>The Council officer charged with ensuring that everything that the Council does is fair and lawful.</p> <p>The Monitoring Officer is currently the Director of Corporate Governance. This is a statutory 'proper officer' role.</p>
Most Economically Advantageous Tender (MEAT)	<p>Assessment of the tenders received using a variety of objective and non-discriminatory criteria linked to the subject matter of the contract to identify the tender which is best value for money.</p> <p>You cannot use the criteria for any purpose other than identifying the most economically advantageous tender from the point of view of the procurer. It allows you to assess a number of factors including the technical aspects, social value, sustainability and price of a tender and to rank the tenders in the competition.</p>
OJEU	Official Journal of the European Union
OJEU Notice	Notice posted in the Official Journal of the European Union. This includes a Prior Information Notice (PIN), a Contract Notice or a Contract Award Notice.
Partnership Agreement	Contract arrangements (including PPP and PFI) where the Council seeks to develop a relationship with a supplier based on partnership principles thereby sharing the costs and risks involved
Portfolio Holder	Responsible for ensuring the effective management and delivery of Executive functions. Each Portfolio Holder has specific areas of responsibility.
Part A Procurement	All supplies, services and works not defined as Part B Procurement. For example professional services, stationary.
Part B Procurement	Procurement activity which includes the provision of Health services, Social Care services, Educational services, Temporary Housing needs, recreational, cultural and sporting services.

Term	Definition
Pre-qualification questionnaire	The questionnaire usually sent to supplier who express an interest in tendering for a Contract which seeks details and information about their technical, financial and organisational ability to perform the Contract
Procurement	Any activity which includes the identification of need, options appraisal and the execution of a competitive selection process, quotation or tendering process, commercial activities and entering into contracts.
Procurement Card	A Corporate Purchasing Card for the purchase of low value supplies, works or services. To be used in compliance with the Procurement Card Policy
Procurement Gateway 1	The report required to be presented to the respective procurement board and approved prior to commencing any procurement or tendering activity.
Procurement Gateway 2	The report required to be presented to the respective procurement board and then signed of by the scheme of delegation to seek authority to award a contract, extend a contract or seek a waiver to these CPRs.
Public Procurement Regulations	The main body of law that regulates the purchasing by public sector bodies and certain utility sector bodies of contracts for goods, works or services. In England these are the Public Contract Regulations 2006 which implement into UK law the European Commission's Consolidated Directives on public procurement (2004/18/EC)
Public Sector Bodies	Including, but not limited to the West London Alliance, London Councils, ESPO, Crown Commercial Services, the EFA, Greater London Authority and Transport For London
Purchase Order	The mandatory order created within the SAP System for Goods, Works or Services.
Quotation	A priced bid for the provision of supplies, a service, or supply of works

Term	Definition
Scheme of Delegation	A formal document recording the agreed handing down of statutory (where allowed) and other responsibilities by the Council to the Cabinet, Cabinet Members, Committees, Panels and Officers.
Services	Means the services to be provided as detailed in the Specification and shall, where the context so admits, include any materials, articles or goods to be supplied there under.
Service Specification	The document usually attached as a schedule to the terms and conditions of contract specifying in detail the Councils precise requirements relating to the purchase of supplies, services or works.
Standstill Period	<p>The standstill period is a 10 day pause between contract award decision and the formal award of the contract. The standstill is a legal requirement which the Council must comply with. It applies to all procurements covered by the full scope of the EU Procurement Directives.</p> <p>The period allows unsuccessful bidders to obtain more information on the award of the contract. Unsuccessful bidders can take appropriate action if they believe they have been treated unfairly. The period is also known as the 'Alcatel Period'. Alcatel was the name of the European case which brought about the change in the law.</p>
Strategic Procurement Board	The group of officers who meet regularly to consider procurement gateway reports and Cabinet Reports over the value of £500,000 and all key decisions.
Supplies	Means the supplies to be provided as detailed in the specification.
Terms and Conditions of Contract	A document approved by HB Public Law that sets out the relationship between the Council and a third party.

Term	Definition
Three Year Procurement Plan	Report compiled by Commercial, Contracts & Procurement Division setting out planned procurement pipelines across each directorate for the forthcoming financial year and the subsequent two years.
TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006 No.246)).	Subject to certain conditions, these regulations apply where responsibility for the delivery of works or services for the authority is transferred from one organisation (e.g. private contractor, local authority in-house team) to another (e.g. following a contracting out or competitive tendering process) and where the individuals involved in carrying out the work are transferred to the new employer. These regulations seek to protect the rights of employees in such transfers, enabling them to enjoy the same terms and conditions, with continuity of employment, as existed with their former employer.
Value for Money	the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer's requirements
Waiver	An exception from the strict compliance with Contract Procedure Rules granted in accordance with the relevant section within these CPRs (section 13)
Works	Means the work or works to be provided as detailed in the service specification, including building, engineering and capital works

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COUNCIL
13 NOVEMBER 2014

LOAN TO HB PUBLIC LAW LIMITED

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REPORT FOR: **Council**

Date of Meeting:	13 November 2014
Subject:	Loan to HB Public Law Limited
Responsible Officer:	Simon George, Director of Finance and Assurance
Exempt:	No
Wards affected:	None
Enclosures:	None

Section 1 – Summary and Recommendations

The Council has been requested for a loan of £100,000 from the HB Public Law (HBPL) Ltd. The HBPL Ltd. is not an approved counter party within the Council's Treasury Management Strategy.

Recommendations:

Council is asked to approve the following:-

1. Add HBPL Ltd. to the counter party list;
2. Increase the limit of over 24 months investment from £10m to £10.5m;
and
3. Approve the Loan of £100,000 to the HB Public Law Ltd.

Section 2 – Report

1. The Council has been requested to loan £100,000 to HBPL Ltd to finance the start up cost of the new company. The HBPL Ltd. does not fall within the credit criteria of the Treasury Management Strategy (TMS) and the investments over 24 months limit agreed by the TMS has been exhausted.

Background

2. HB Public Law ('HBPL') is an in-house legal team which since 1 September 2012 has been providing legal services to both Harrow and Barnet Councils. The strategy for HBPL is therefore to seek to grow the shared Legal Practice by working with more councils and by providing legal services to other organisations.
3. The Localism Act 2011 brought in a general power of competence which allows a local authority to undertake for a commercial purpose any activity for which it has a general power.
4. While this gave freedom to some areas of a local authority to trade, in practice HBPL could not do so because of the rules of the Solicitors Regulatory Authority prohibit in house lawyers working for anyone other than their employer.
5. Since the introduction of the Legal Services Act 2007 it is possible for law firms to be owned by non lawyers and businesses which are not law firms. These are known as Alternative Business Structures (ABS).
6. The combination of the Localism Act and the Legal Services Act means that Harrow Council can set up a wholly owned company offering legal services for a commercial purpose. This allows it to offer legal services to other parts of the public sector and to commercial companies who are carrying out local authority functions as part of an outsourcing arrangement.

Current situation

7. In 2013 HBPL Ltd was formed under the Companies Act 2006. The Council is the 100% shareholder. The aim was for HBPL Ltd to apply to the Solicitors Regulatory Authority to obtain an ABS license.
8. HBPL Ltd has bank accounts, but no cash balances. A business start up loan of £100,000 is required for company's cash flow.

Options considered

9. Two main options have been considered as detailed below:-

- i. Bank overdraft facilities – This facility is not appropriate for the start up cost and therefore it would not be cost effective for HBPL Ltd to use the overdraft.
- ii. Loan from the Council – Harrow Council to lend £100,000 for 3 years with initial drawdown of £40,000 followed by further two drawdown of £30,000 each. The full loan should be taken within one year from 1 December 2014. Annual Interest rate of 7% is payable on the loan outstanding and the loan is repayable every quarter from year two.

Financial Implications

- 10. If the principal along with interest is repaid as per paragraph 9(ii) above, then the Council will benefit from the higher interest earned from lending the monies.
- 11. There is a possibility that the Council could not recover the loan and interest accrued, if the Company is unsuccessful.

Risk Management Implications

- 12. HBPL Ltd is a new venture for Harrow, with no guarantee of success. If it fails, Harrow may be unable to recover the loan and interest from the Company.

Equalities implications

- 13. None

Council Priorities

- 14. The Council wants to be a modern, efficient Council, able to meet the challenges ahead. It aims to protect frontline services by delivering support functions in the most cost effective way, including collaborating with other boroughs on shared services and procurement opportunities. This initiative supports these aims as it puts the legal service in a much stronger position to develop services for other organisations and widening its client base, thereby providing a resilient legal service so that the Council can focus resources into front line services.

Section 3 - Statutory Officer Clearance

Name: ...Simon George.....	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 03 rd November 2014		
Name: Hugh Peart	<input checked="" type="checkbox"/>	Monitoring Officer
Date: 03 rd November 2014		

Ward Councillors notified:

NO

** Delete as appropriate.*

Section 4 - Contact Details and Background Papers

Contact: Hasina Shah, Head of Technical Finance and Accountancy 0208 424 1573

Background Papers:

1. Report to 20th November Cabinet HB Public Law Limited; and
2. Cabinet report on Treasury Management Strategy.

If appropriate, does the report include the following considerations?

1.	Consultation	NO
2.	Priorities	YES

**COUNCIL
13 NOVEMBER 2014**

**ADDITION TO CAPITAL PROGRAMME OF
EXPENDITURE FUNDED BY GRANT RECEIVED
BY THE COUNCIL TO DELIVER INSULATION
WORKS IN PRIVATE HOMES UNDER THE
TERMS OF THE GREEN DEAL COMMUNITIES
FUND**

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REPORT FOR: COUNCIL

Date of Meeting: 13 November 2014

Subject: Addition to Capital Programme of expenditure funded by Grant received by the Council to deliver insulation works in private homes under the terms of the Green Deal Communities Fund

Responsible Officer: Paul Najsarek, Corporate Director of Community, Health and Wellbeing

Exempt: No

Wards affected: All

Enclosures: Equality Impact Assessment

Section 1 – Summary and Recommendations

This report seeks to add to the Capital Programme, the budget for the expenditure on energy efficiency improvements to privately owned properties in the Borough, which is funded by a grant received from the Department of Energy and Climate Change under the Green Deal Communities Fund, following approval by Cabinet on 14 April 2014.

Recommendations:

That the expenditure of £1,357,100 capital grant funding on energy efficiency improvements in private homes as approved by Cabinet on 10th April 2014 be added to the Capital Programme for 2014-15.

Section 2 – Report

The Council made a successful bid for grant funding to deliver a number of initiatives to provide warmer homes to private residents in Harrow. Following approval by Cabinet on 10th April 2014 to delegate authority for the award of a contract and in accordance with the Council's Financial Regulations, this report now seeks approval by Council to add this expenditure to the Capital Programme.

The background and options considered were set out in the report to Cabinet on 14th April 2014 and are summarised below.

In 2013 the Council submitted a bid to the Department of Energy and Climate Change for grant funding to deliver a number of initiatives to provide warmer homes to residents in Harrow's private housing stock.

Officers in Environment & Enterprise submitted the bid, before the service transferred to Housing in January 2014. Department of Energy and Climate Change (DECC) who provided the grant funding have been quite prescriptive about the way it is spent and have required us to target a designated area of the Borough where there was known fuel poverty and promote the scheme on a street by street approach.

The Council was awarded a grant of £1,457,100, of which £1,357,100 is capital which DECC want us to make every effort to spend by 31 March 2015. However they have indicated that it may be possible to slip some of the expenditure into the next financial year, but this will depend on take up rates and any circumstances that delay delivery of the project-such as bad weather.

Householders cannot have the improvements completely free of charge. Whilst costs will be reduced by a combination of Energy Company Obligation (ECO) and Green Deal Communities Fund every household will be expected to make a financial contribution towards works in their homes.

A partner to deliver these works has already been selected in line with the Council's approved procurement processes.

Financial Implications

Grant funding of £1,457,100, has already been received from the Department of Energy & Climate Change. The grant is expected to be spent by 31 March 2015 but there may be some slippage on this, in discussion with DECC.

The Council has already selected the contractors and let the contract in line with the Council's procurement processes.

Formal approval by Council to include this spend in the capital programme is now required in accordance with the Council's Constitution.

Risk Management implications

Risk included on Directorate risk register? Yes
Separate risk register in place? Yes

There are risks in the delivery of the project both in terms of customer take up rates and bad weather that may delay completion of works. These are monitored regularly both with the contractor and DECC.

Equalities implications

There is no change to the policy detailed in the climate change strategy. Homes that are known to be in areas of deprivation within the borough and in fuel poverty will be targeted for the improvements.

Council priorities

This report incorporates the administration's priorities:

Making a difference for the most vulnerable

Making a difference for communities

Making a difference for local businesses

Making a difference for families

by ensuring that households in fuel poverty have the opportunity to have warmer homes delivered through grant funding.

Section 3 - Statutory Officer Clearance

Name: Steve Tingle	<input checked="" type="checkbox"/>	On behalf of Chief Financial Officer
Date: 28th October 2014		
Name: Linda XCohen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 28 th October 2014		

Section 4 - Contact Details

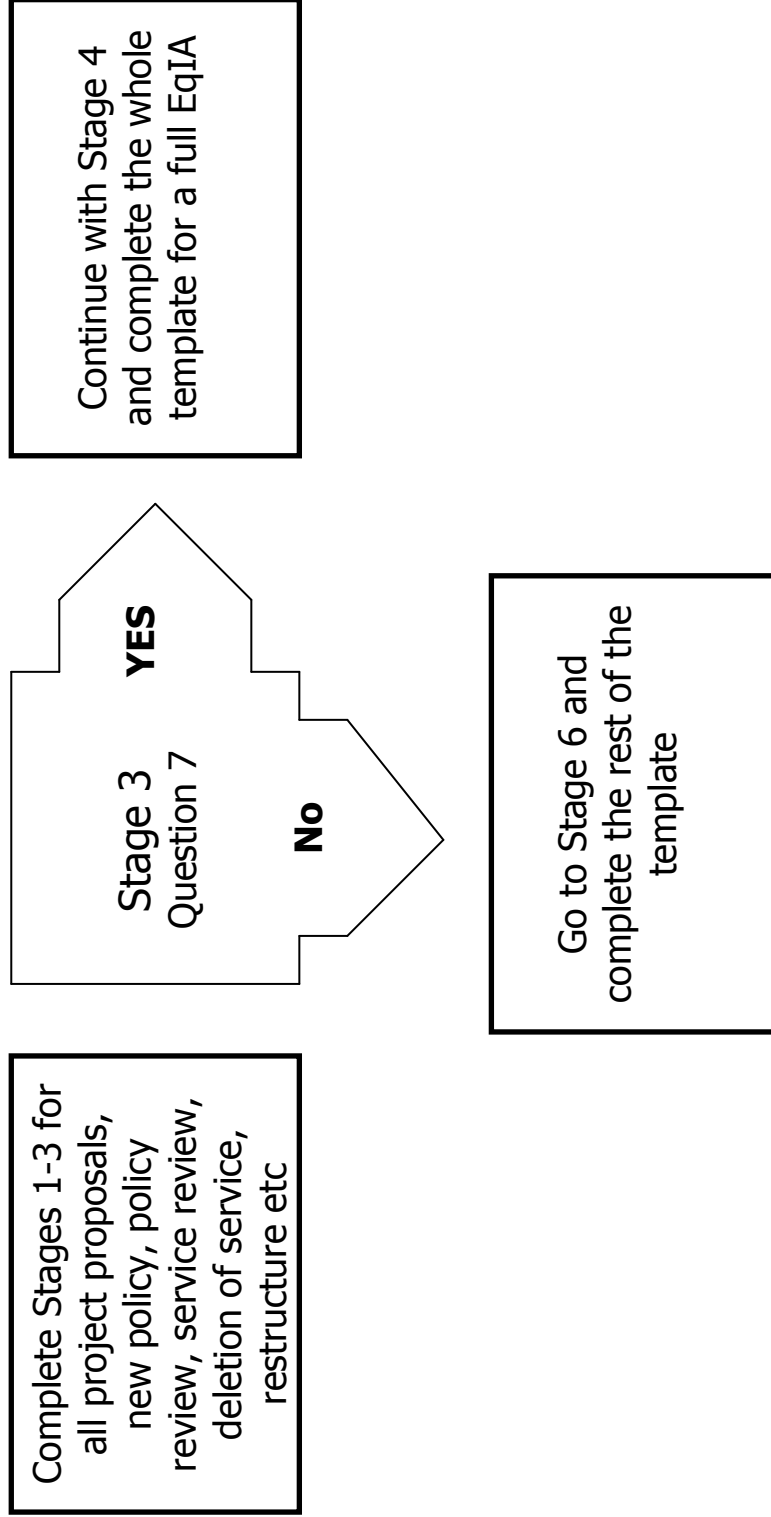
Maggie Challoner, Head of Asset Management

Tel: 020 8424 1473 E-mail: maggie.challoner@harrow.gov.uk

Background Papers: Report to Cabinet 10th April 2014 Appointment of a contractor to deliver works arising from a successful bid to Department of Energy and Climate Change under the Green Deal Communities Fund.

Equality Impact Assessment Template

The Council has revised and simplified its Equality Impact Assessment process. There is now just one Template. Project Managers will need to complete **Stages 1-3** to determine whether a full EqIA is required and the need to complete the whole template.



Equality Impact Assessment (EqIA) Template

In order to carry out this assessment, it is important that you have completed the EqIA E-learning Module and read the Corporate Guidelines on EqIAs. Please refer to these to assist you in completing this assessment.

It will also help you to look at the EqIA Template with Guidance Notes to assist you in completing the EqIA.

Type of Project / Proposal:	Tick	Type of Decision:	Tick
Transformation		Cabinet	
Capital		Portfolio Holder	√
Service Plan	√	Corporate Strategic Board	
Other	√	Other	
Title of Project:			
Hard to treat energy efficiency measures, private sector homes			
Directorate / Service responsible:			
Asset Management Community, Health & Wellbeing			
Name and job title of lead officer:			
Natalie Sansom-Climate Change Officer			
Name & contact details of the other persons involved in the assessment:			
Maggie Challoner- Head of Asset Management Michael Sheehy-Service Manager Aids and Adaptations Kulwinder Singh-Rai – Asset, Data & Planning Manager			
Date of assessment:			
21st July 2014			
Stage 1: Overview			
<p>1. What are you trying to do? (Explain proposals e.g. introduction of a new service or policy, policy review, changing criteria, reduction / removal of service, restructure, deletion of posts etc)</p>			
<p>2. Who are the main people / Protected Characteristics that may be affected by your proposals? (all that apply)</p>			
Residents Users Staff	/	Service Partners Age	Stakeholders Disability
	√		√

Deliver opportunities to home owners to access funding towards hard to treat energy efficiency measures (such as solid wall insulation) by initially targeting homes on a street by street basis. A review period is built in to the delivery plan, for January 2015 when expanding the plan to include a borough-wide offer will be considered. This will be determined by the take up of the offer from September-December 2014

	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity
	Race	Religion or Belief	Sex
	Sexual Orientation	Other	

- 3.** Is the responsibility shared with another directorate, authority or organisation? If so:
- Who are the partners?
 - Who has the overall responsibility?
 - How have they been involved in the assessment?

Asset Management holds the overall responsibility for the planning and implementation of the project, but the parameters (i.e. the focus on a street by street approach) has been determined by the Department of Climate Change (DECC) who have provided grant funding for the project. DECC have been consulted at all stages of the delivery of the project and Housing Needs have been consulted about the option to include private sector landlords, working on the Help 2 Let scheme as part of the scheduled review.

Stage 2: Evidence / Data Collation

4. What evidence / data have you reviewed to assess the potential impact of your proposals? Include the actual data, statistics reviewed in the section below. This can include census data, borough profile, profile of service users, workforce profiles, results from consultations and the involvement tracker, customer satisfaction surveys, focus groups, research interviews, staff surveys; complaints

c. Where possible include data on the nine Protected Characteristics.

(Where you have gaps (data is not available/being collated), you may need to include this as an action to address in your Improvement Action Plan at Stage 7)

Census data: *In the period 2001-2011, Harrow’s population has grown by more than 15% to 239,000. The 0-14 age group is estimated to have increased by 15.7% due to a significant number of births within the Borough within the last 10 years, and those aged 65+ are estimated to have increased by 12.3% within the same period. Household size within the borough is the second highest in the country at 2.8 people per household (Office for National Statistics, 2001 and 2011).*

Age (including carers of young/older people)

The areas proposed for the street by street approach have been selected because of the suitability of the buildings for the works required (i.e. houses with solid walls) No specific information is held on the protected characteristics of people living in the area.

The proposed energy efficiency measures will deliver warmer homes and reduce fuel bills to those home owners that chose to go ahead with the scheme. This will benefit households of all ages, but will particularly impact on those with young children and older people because of the known

	<p><i>beneficial impact of warmer homes on these groups and the link to health. As the project will take a street by street approach, undertaking promotional activities to attract interest from home owners it has not as yet been possible to undertake any consultation with potential customers. Households are going to have to make a financial contribution towards the works and be interested in having the measures installed in their homes. However individual assessments will be undertaken for any households that express an interest that will take into account both the impact on the individual home and the circumstances of the occupiers.</i></p>
<p>22 26 sability (including carers of disabled people)</p>	<p><i>Census data and housing stock condition survey: 14.6% of residents in Harrow report a limiting long-term illness or disability which limits their day-to-day activities. This is below the national average of 17.9%, but represents an increase of 13.2% since 2001 (Office for National Statistics, 2001 and 2011). The 2001 housing stock condition survey (updated in 2008) highlighted that 78% of private sector housing stock within the borough was pre-1949, and with older housing comes particular issues of condition and its impact on the health and safety of those living within it, especially vulnerable households.</i></p> <p><i>The areas proposed for the street by street approach have been selected because of the suitability of the buildings for the works required (i.e. houses with solid walls) No specific information is held on the protected characteristics of people living in the area.</i></p> <p><i>The proposed energy efficiency measures will deliver warmer homes and reduce fuel bills to those home owners that chose to go ahead with the scheme. This will benefit all households, but will particularly impact on those with physical disabilities because of the known beneficial impact of warmer homes on these groups and the link to health. As the project will take a street by street approach, undertaking promotional activities to attract interest from home owners it has not as yet been possible to undertake any consultation with potential customers. Households are going to have to make a financial contribution towards the works and be interested in having the measures installed in their homes. However individual assessments will be undertaken for any households that express an interest that will take into account both the impact on the individual home and the circumstances of the occupiers.</i></p>
<p>Gender Reassignment</p>	<p><i>The areas proposed for the street by street approach have been selected because of the suitability of the buildings for the works required (i.e. houses with solid walls) No specific information is held on the protected characteristics of people living in the area.</i></p>
<p>Marriage / Civil Partnership</p>	<p><i>Census data: Harrow has a very high percentage of married couples, with 53.7% of residents aged 16 and older declaring they were in a marriage in 2011. This is above the national level of 46.6%.</i></p>

	<p><i>There was a 27% increase in the number of married people living in Harrow between 2001 and 2011 (Office for National Statistics, 2001 and 2011). Between their inception and January 2012, 107 civil partnership ceremonies took place in Harrow.</i></p> <p><i>The areas proposed for the street by street approach have been selected because of the suitability of the buildings for the works required (i.e. houses with solid walls) No specific information is held on the protected characteristics of people living in the area.</i></p>
Pregnancy and Maternity	<p><i>Census data: There has been a 32% (+3,900) increase in 0-4 year olds since 2001. There are pockets of high concentration in central and south-west Harrow. 15,916 (6.7%) residents were aged four and under in 2011. 78% of applicants of accepted homeless households applying through the Locata system have dependent children. (Data as at April 2013).</i></p> <p><i>The areas proposed for the street by street approach have been selected because of the suitability of the buildings for the works required (i.e. houses with solid walls) No specific information is held on the protected characteristics of people living in the area.</i></p>
Race	<p><i>Census data: 2011 Census data shows that 69.1% of Harrow's residents are minority ethnic, where minority ethnic is defined as all people who are non-White British. Nationally, Harrow now has the fourth lowest proportion of White British residents, compared to a ranking of 8th in 2001. The White British population group has fallen by 28.5% since 2001, suggesting that Harrow is becoming increasingly diverse (Office for National Statistics, 2011).</i></p> <p><i>The areas proposed for the street by street approach have been selected because of the suitability of the buildings for the works required (i.e. houses with solid walls) No specific information is held on the protected characteristics of people living in the area.</i></p>
Religion and Belief	<p><i>Census data: The 2011 Census revealed that religious affiliation is very high in Harrow; at 9.6%, the borough has the 2nd lowest number of residents who stated that they have no religion. This compares to 24.7% nationally (Office for National Statistics, 2011).</i></p> <p><i>The areas proposed for the street by street approach have been selected because of the suitability of the buildings for the works required (i.e. houses with solid walls) No specific information is held on the protected characteristics of people living in the area.</i></p>
Sex / Gender	<p><i>Census data: In 2011, 49.4% of Harrow residents were male and 50.6% are female. This is very similar to the national profile, but the number of males in Harrow has slightly increased since 2001</i></p>

	<p>(Office for National Statistics, 2001 and 2011).</p> <p>The areas proposed for the street by street approach have been selected because of the suitability of the buildings for the works required (i.e. houses with solid walls) No specific information is held on the protected characteristics of people living in the area.</p>	
Sexual Orientation	<p>The areas proposed for the street by street approach have been selected because of the suitability of the buildings for the works required (i.e. houses with solid walls) No specific information is held on the protected characteristics of people living in the area.</p>	
<p>2208 Socio Economic</p>	<p>Census data: Harrow is ranked 203rd out of 354 Districts in England where 1st is the most deprived. Most multiple deprivation is in the centre of the borough, with pockets of deprivation in the south and east. Harrow's least deprived areas are found in the west of the borough</p> <p>Harrow is worse than the national average for income deprivation, but less deprived. Most income deprivation is in the centre, with pockets of deprivation across the borough. There are small clusters of high economic deprivation across Harrow, largely coinciding with areas containing higher levels of social housing. 16,994 households received Housing Benefit in December 2012, a rate of 201.7 per 1,000 households.</p> <p>2.9% (4,386) of Harrow's working population were unemployed in February 2012. This is below the rates of London and England, 4.4% and 4.2% respectively. 17% (31,997) of Harrow's population aged 16 and over had no formal qualifications in 2011. The proportion of the resident population without any qualifications is lower than the averages for England and London. People without qualifications are more highly concentrated in the east and southeast of the borough.</p> <p>The areas proposed for the street by street approach have been selected because of the suitability of the buildings for the works required (i.e. houses with solid walls) No specific information is held on the protected characteristics of people living in the area, however the area is one of the more deprived within the borough.</p>	
<p>5. What consultation have you undertaken on your proposals?</p>		
Who was consulted?	What consultation methods were used?	What do the results show about the impact on different groups / Protected Characteristics?
		<p>What actions have you taken to address the findings of the consultation? (This may include further consultation)</p>

					with the affected groups, revising your proposals).				
Department of Energy and Climate Change	Direct consultation with officers responsible for monitoring the project	N/A			We have revised our proposals to increase the number of homes to be targeted by the street by street approach				
<p>6. What other (local, regional, national research, reports, media) data sources that you have used to inform this assessment?</p> <p>List the Title of reports / documents and websites here.</p> <p>http://www.harrow.gov.uk/info/200088/statistics-and-census-information</p>									
<p>Stage 3: Assessing Potential Disproportionate Impact</p> <p>Based on the evidence you have considered so far, is there a risk that your proposals could potentially have a disproportionate adverse impact on any of the Protected Characteristics?</p>									
Yes	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation
No	X	X	X	X	X	X	X	X	X

YES - If there is a risk of disproportionate adverse Impact on any **ONE** of the Protected Characteristics, continue with the rest of the template.

- § **Best Practice:** You may want to consider setting up a Working Group (including colleagues, partners, stakeholders, voluntary community sector organisations, service users and Unions) to develop the rest of the EqIA
- § It will be useful to also collate further evidence (additional data, consultation with the relevant communities, stakeholder groups and service users directly affected by your proposals) to further assess the potential disproportionate impact identified and how this can be mitigated.

NO - If you have ticked 'No' to all of the above, then go to **Stage 6**

- § Although the assessment may not have identified potential disproportionate impact, you may have identified actions which can be taken to advance equality of opportunity to make your proposals more inclusive. These actions should form your Improvement Action Plan at Stage 7

Stage 4: Collating Additional data / Evidence

8. What additional data / evidence have you considered in relation to your proposals as a result of the analysis at Stage 3? Demographics for the Super Output area to be targeted, which indicate this is likely to be the area of the borough with the highest fuel poverty-an issue the scheme will help to address

Include this evidence, including any data, statistics, titles documents and website links here)

230

9. What further consultation have you undertaken on your proposals as a result of your analysis at Stage 3?

Who was consulted?	What consultation methods were used?	What do the results show about the impact on different groups / Protected Characteristics?	What actions have you taken to address the findings of the consultation? (This may include further consultation with the affected groups, revising your proposals).

Stage 5: Assessing Impact and Analysis

10. What does your evidence tell you about the impact on different groups? Consider whether the evidence shows potential for differential impact, if so state whether this is an adverse or positive impact? How likely is this to happen? How you will mitigate/remove any adverse impact?

Protected Characteristic	Adverse	Positive	Explain what this impact is, how likely it is to happen and the extent of impact if it was to occur. Note – Positive impact can also be used to demonstrate how your proposals meet the aims of the PSED Stage 9	What measures can you take to mitigate the impact or advance equality of opportunity? E.g. further consultation, research, implement equality monitoring etc (Also Include these in the Improvement Action Plan at Stage 7)
Age (including carers of young/older people)				
Disability (including carers of disabled people)				
Gender Reassignment				
Marriage and Civil Partnership				

Pregnancy and Maternity									
Race									
Religion or Belief									
Sex									
Sexual orientation									
11. Cumulative Impact – Considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on a particular Protected Characteristic?									
If yes, which Protected Characteristics could be affected and what is the potential impact?									
					Yes		No		✓
11a. Any Other Impact – Considering what else is happening within the					Yes	✓	No		

232

Council and Harrow as a whole (for example national/local policy, austerity, welfare reform, unemployment levels, community tensions, levels of crime) could your proposals have an impact on individuals/service users socio economic, health or an impact on community cohesion?

If yes, what is the potential impact and how likely is to happen?

Energy efficiency measures such as solid wall insulation, and where appropriate other measures can have a significant dual benefit of delivering warmer homes and helping to reduce the fuel bills of residents. In turn this could have a positive impact on residents health by eliminating hazards such as excess cold-whether caused by inadequate heating or poverty.

12. Is there any evidence or concern that the potential adverse impact identified may result in a Protected Characteristic being disadvantaged? (Please refer to the Corporate Guidelines for guidance on the definitions of discrimination, harassment and victimisation and other prohibited conduct under the Equality Act) available on Harrow HUB/Equalities and Diversity/Policies and Legislation

	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation
Yes									
No	✓	✓	✓	✓	✓	✓	✓	✓	✓

If you have answered "yes" to any of the above, set out what justification there may be for this in Q12a below - link this to the aims of the proposal and whether the disadvantage is proportionate to the need to meet these aims. (You are encouraged to seek legal advice, if you are concerned that the proposal may breach the equality legislation or you are unsure whether there is objective justification for the proposal)

If the analysis shows the potential for serious adverse impact or disadvantage (or potential discrimination) but you have identified a potential justification for this, this information must be presented to the decision maker for a final decision to be made on whether the disadvantage is proportionate to achieve the aims of the proposal.

- § If there are adverse effects that are not justified and cannot be mitigated, you should not proceed with the proposal. **(select outcome 4)**
- § If the analysis shows unlawful conduct under the equalities legislation, you should not proceed with the proposal. **(select outcome 4)**

Stage 6: Decision

13. Please indicate which of the following statements best describes the outcome of your EqIA (tick one box only)

Outcome 1 – No change required: the EqIA has not identified any potential for unlawful conduct or disproportionate impact and all opportunities to advance equality are being addressed.	
Outcome 2 – Minor adjustments to remove / mitigate adverse impact or advance equality have been identified by the EqIA. <i>List the actions you propose to take to address this in the Improvement Action Plan at Stage 7</i>	
Outcome 3 – Continue with proposals despite having identified potential for adverse impact or missed opportunities to advance equality. In this case, the justification needs to be included in the EqIA and should be in line with the PSED to have 'due regard'. In	X

some cases, compelling reasons will be needed. You should also consider whether there are sufficient plans to reduce the adverse impact and/or plans to monitor the impact. (Explain this in 13a below)	
Outcome 4 – Stop and rethink: when there is potential for serious adverse impact or disadvantage to one or more protected groups. (You are encouraged to seek Legal Advice about the potential for unlawful conduct under equalities legislation)	
13a. If your EqIA is assessed as outcome 3 or you have ticked 'yes' in Q12 , explain your justification with full reasoning to continue with your proposals.	

Stage 7: Improvement Action Plan

14. List below any actions you plan to take as a result of this Impact Assessment. This should include any actions identified throughout the EqIA.					
Area of potential adverse impact e.g. Race, Disability	Action required to mitigate	How will you know this is achieved? E.g. Performance Measure / Target	Target Date	Lead Officer	Date Action included in Service / Team Plan

234

Stage 8 - Monitoring

The full impact of the proposals may only be known after they have been implemented. It is therefore important to ensure effective monitoring measures are in place to assess the impact.	
15. How will you monitor the impact of the proposals once they have been implemented? What monitoring measures need to be introduced to ensure effective monitoring of your proposals? How often will you do	<ul style="list-style-type: none"> The delivery plan is to be finalised once our delivery partners have been procured (anticipated date late August 2014) residents.

this? *(Also Include in Improvement Action Plan at Stage 7)*

- Financial approval has already been granted. Promotional activities to encourage take up of the scheme will commence in September
- Delivery against objectives will be monitored by the Project Group and reported to Contracts Bard and DECC through monthly reports.
- This will include number of homes assessed, financial assessments undertaken, number of homes who elect to go ahead with the works proposed, works started and works completed
- Impact of the works on individual home owners and in terms of the Council's climate change strategy will be monitored.

235

16. How will the results of any monitoring be analysed, reported and publicised? *(Also Include in Improvement Action Plan at Stage 7)*

The impact of the energy efficiency works that go ahead will be reported to Cabinet as part of regular updates on the implementation of the Climate Change strategy.

17. Have you received any complaints or compliments about the proposals being assessed? If so, provide details.

We have not received any complaints at this stage in the preparation to begin the project.

Stage 9: Public Sector Equality Duty

18. How do your proposals contribute towards the Public Sector Equality Duty (PSED) which requires the Council to have due regard to eliminate discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between different groups.

(Include all the positive actions of your proposals, for example literature will be available in large print, Braille and community languages, flexible

working hours for parents/carers, IT equipment will be DDA compliant etc)		
Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010	Advance equality of opportunity between people from different groups	Foster good relations between people from different groups
<p>The objective of this project is to improve energy efficiency, promote warmer homes and reduce fuel bills of residents, including those who are categorised under the protected characteristics.</p> <p>However to do this it is essential to ensure that our delivery partner is well aware of the diversity of Harrow residents and will therefore take all necessary steps to engage appropriately with all residents and the requirement to do this will be included in the tender</p>	This project will further enhance the quality of housing for residents. This will improve and promote equality of opportunity across the protected characteristics.	The project will promote awareness of the importance of energy efficiency. This should assist to foster good relations between people from different groups.

Page 10 - Organisational sign Off (to be completed by Chair of Departmental Equalities Task Group)

The completed EqIA needs to be sent to the chair of your Departmental Equalities Task Group (DETG) to be signed off.

19. Which group or committee considered, reviewed and agreed the EqIA and the Improvement Action Plan?	Asset Management Department	
Signed: (Lead officer completing EqIA)	Maggie Challoner	Signed: (Chair of DETG)
Date:	21 st July 2014	Date:
Date EqIA presented at the EqIA Quality Assurance Group		Signature of ETG Chair
		To follow
		To follow

**COUNCIL
13 NOVEMBER 2014**

**CABINET
RECOMMENDATION
(18 SEPTEMBER 2014)**

RECOMMENDATION I

COMMUNITY SAFETY PLAN

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CABINET

18 SEPTEMBER 2014

Record of decisions taken at the meeting held on Thursday 18 September 2014.

Present:

Chairman: † Councillor David Perry

Councillors:

* Sue Anderson	* Graham Henson
* Simon Brown	* Varsha Parmar
* Margaret Davine	* Sachin Shah
* Glen Hearnden	* Anne Whitehead

In attendance:

Richard Almond	Minute 36
Kam Chana	Minute 36
Susan Hall	Minute 36
Barry Macleod-Cullinane	Minute 36

* Denotes Member present

† Denotes apologies received

RECOMMENDED ITEMS

39. Community Safety Plan

Resolved to RECOMMEND: (to Council)

That the Community Safety Plan be adopted.

Reason for Decision: To comply with Section 6 of the Crime and Disorder Act 1998.

Alternative Options Considered and Rejected: None.

Conflict of Interest relating to the matter declared by Cabinet Member / Dispensation Granted: None.

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COUNCIL 13 NOVEMBER 2014

OVERVIEW AND SCRUTINY COMMITTEE RECOMMENDATION

RECOMMENDATION I

HARROW YOUTH OFFENDING PARTNERSHIP YOUTH JUSTICE PLAN 2014-15

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RECOMMENDATION I

OVERVIEW AND SCRUTINY COMMITTEE MINUTES

16 SEPTEMBER 2014

Chairman:	* Councillor Jerry Miles	
Councillors:	* Ghazanfar Ali	* Kam Chana
	* Richard Almond	* Barry Macleod-Cullinane (2)
	* Jeff Anderson	* Paul Osborn
	* Michael Borio	* Kiran Ramchandani
Voting Co-opted:	(Voluntary Aided)	(Parent Governors)
	† Mrs J Rammelt	† Mrs A Khan
	Reverend P Reece	
Non-voting Co-opted:	* Harrow Youth Parliament Representative	
In attendance: (Councillors)	Simon Brown	Minute 22
	Varsha Parmar	Minute 21
	Sachin Shah	Minute 23

- * Denotes Member present
- (2) Denotes category of Reserve Member
- † Denotes apologies received

RECOMMENDED ITEM

22. Harrow Youth Offending Partnership Youth Justice Plan 2014-2015

The Committee received the report of the Interim Corporate Director of Children and Families which set out the draft Youth Justice Plan for 2014-15.

Following a brief introduction by the Portfolio Holder for Children, Schools & Young People, the following comments were made and the following questions were asked:

- A Member questioned, in view of the increase in the number of volunteers, whether training was provided and whether there was there a high rate of turnover. An officer responded that many volunteers did '1 to 1' work with young people, and others were members of the Referral Order Panels. More volunteers were needed for the Panels, with the aim of increasing the diversity of the pool of volunteers to better reflect the ethnicity of young people who attended the Panel. Eight days of training were provided, and these volunteers rarely left the service.
- A Member questioned whether the statistics transferred into adult offending, and whether it was possible to extrapolate a likely increase in adult offending as the age of young offenders approached the cut-off point. An officer responded that the strategy aimed to divert young offenders away from the path of repeat offending, but that a small number who entered the criminal justice system would become regular and repeat offenders.
- In response to a question in relation to the 3 outcomes listed, it was explained that 3 outcomes were directed by the Youth Justice Board for all Youth Offending Teams and that there were 3 further local outcome indicators.
- Members were advised about the impact of problems with IT. Following the migration to Citrix and the new server, the team had experienced significant difficulty in using YOIS (the youth offending information system) which was where all activity with young people was recorded. Being unable to access data for a lengthy period would affect performance figures as data could not be processed. The Interim Corporate Director of Children and Families further explained that Harrow had been identified as the only authority not providing timely data to the YJB and, as a result, had been placed on an Action Plan. Harrow would remain on an Action Plan until the issue was resolved. It would be possible to upgrade the system to be compatible with the basic infrastructure once it was clear that the investment would secure the necessary improvements.
- It was confirmed that referrals were received from the police. Not all cases were referred to Triage, and serious cases would not be referred for triage.

Resolved to RECOMMEND: (to Council)

That the Harrow Youth Offending Partnership Youth Justice Plan 2014-15 be approved.

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**COUNCIL
13 NOVEMBER 2014**

**CABINET
RECOMMENDATION
(18 SEPTEMBER 2014)**

RECOMMENDATION II

**HARROW YOUTH OFFENDING
PARTNERSHIP YOUTH JUSTICE PLAN
2014-15**

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RECOMMENDATION II

CABINET

18 SEPTEMBER 2014

Record of decisions taken at the meeting held on
Thursday 18 September 2014.

Present:

Chairman: † Councillor David Perry

Councillors:

* Sue Anderson	* Glen Hearnden
* Simon Brown	* Graham Henson
* Margaret Davine	* Varsha Parmar
* Keith Ferry(Deputy Leader in the Chair)	* Sachin Shah
	* Anne Whitehead

In attendance:

Richard Almond	Minute 36
Kam Chana	Minute 36
Susan Hall	Minute 36
Barry Macleod-Cullinane	Minute 36

* Denotes Member present

† Denotes apologies received

RECOMMENDED ITEMS

38. Harrow Youth Offending Partnership Youth Justice Plan 2014-15

Resolved to RECOMMEND: (to Council)

That the Youth Offending Partnership Youth Justice Plan 2014-15 be approved.

Reason for Decision: To meet the statutory requirement to publish an annual Youth Justice Plan.

Alternative Options Considered and Rejected: None.

Conflict of Interest relating to the matter declared by Cabinet Member / Dispensation Granted: None.

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COUNCIL
13 NOVEMBER 2014

RECOMMENDED CONSTITUTIONAL
CHANGES

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REPORT FOR: **COUNCIL**

Date of Meeting:	13 November 2014
Subject:	Recommended Constitutional Changes
Responsible Officer:	Hugh Peart, Director of Legal and Governance Services
Exempt:	No
Wards affected:	N/A
Enclosures:	Appendix 1 – Procedure Rules to be deleted Appendix 2 – Protocol on reporting of meetings Appendix 3 - Amended Anti-Fraud Policy

Section 1 – Summary & Recommendations

This report details proposed constitutional changes.

Recommendations:

That Council consider and decide whether to approve the proposed constitutional changes outlined in the report for adoption and addition to the Constitution where appropriate.

Section 2 – Report

1. The Constitution Review Working Group is an informal body established by agreement between the Group Leaders to receive proposals for alterations or updates to Authority's Constitution for formal submission to Council.
2. The majority of the following changes are proposed by the Constitution Review Working Group which comprises members from the three political groups

represented on Council. There are two other proposed changes – a revised anti-fraud policy and the designation of a statutory scrutiny officer.

(A) Recording of Meetings

- (i) Set out below are suggested amendments to the constitution as a result of new regulations which require councils to allow members of the public to report on public council meetings.
- (ii) The deletion of the procedure rules set out in Appendix 1 is proposed as they are now unlawful.
- (iii) The following addition to the Access to Information Rules is proposed. (Rule 12 is currently Rule 11 but would be renumbered under this proposal and relates to the exclusion of the press and public where there is confidential or exempt information):

‘Reporting of meetings

4. The reporting of meetings is permitted except where the press and public are excluded under Rule 12 of these Rules. A protocol on reporting of meetings is at Part 50 of the Constitution. ‘

- (iv) A proposed protocol is set out at Appendix 2. This would be Part 50 of the constitution.

RECOMMENDATION TO COUNCIL: That the deletions in the various Procedure Rules, the amendment to the Access to Information Rules and the new Protocol on reporting of meetings be agreed.

(B) 3B Delegations to the Head of Paid Service, Corporate Directors and Statutory Officers

- (i) Set out below are the Working Group’s suggested insertions and amendments to Part 3B for Council to consider. These reflect the requirements of the Solicitors Regulation Authority in respect of the Alternative Business Structure licence recently obtained.
- (ii) An amendment to paragraph 3 of the delegations to the Head of Paid Service is proposed as follows:

‘To make any decision delegated to another officer with the exception of any decision delegated to the Director of Legal and Governance in respect of the Alternative Business Structure licence obtained from the Solicitor’s Regulatory Authority.’

- (iii) A new paragraph 7 to the delegations to the Director of Legal and Governance Services is proposed as follows:

7. To take all decisions in relation to HB Public Law Limited, subject to the controls given to the Council by the shareholder agreement, and exercise day to day control of the Alternative Business Structure attached to the company.	Council and Executive
--	-----------------------

RECOMMENDATION TO COUNCIL: That the changes to the individual delegations in part 3B of the Constitution be agreed.

(C) Chief Officers' Employment Panel and Pension Fund Committee

- (i) It is proposed that the following functions are removed from the Pension Fund Committee and added to the functions of the Chief Officers Employment Panel:

:

- to approve any severance packages for Officers of £100,000 or over irrespective of the grade of Officer.
- to report back to Council for information purposes on all such approved severance packages.

RECOMMENDATION TO COUNCIL: That the changes to the terms of reference of the Pension Fund Committee and the Chief Officers Employment Panel be agreed.

(D) Anti-fraud policy

- (i) The Corporate Anti-Fraud Policy is at Part 5F of the Constitution. It has been amended to take into account some minor organisational and some legislative changes. The Bribery Act 2010 came into force on 1st July 2011 and this policy has been amended to reflect this. The amended Policy was considered and noted at the meeting of the Governance, Audit, Risk Management and Standards Committee on 22 July 2014. The amended policy is attached at Appendix 1.

RECOMMENDATION TO COUNCIL: That the amended anti-fraud policy be agreed.

(E) Appointment of statutory scrutiny officer

- (i) Under s.9FB of the Local Government Act 2000, a local authority must designate one of its officers as its 'scrutiny officer'. Under the Act, the officer has responsibilities for promoting the role of overview and scrutiny, providing support to members of the overview and scrutiny committee and for providing advice and support to members and officers in relation to the functions of the committee.
- (ii) This role has been held in the past by the Service Manager, Scrutiny but since the merging of the Policy and Scrutiny functions has been held by the Head of Policy. It is therefore proposed to make the following changes to Article 12 and Part 3B – Delegations to Officers, of the Constitution:

Article 12

(c) **Statutory Officers**

The Council will designate the following posts as shown:

Post	Designation
Head of Paid Service	Head of Paid Service
Director of Finance and Assurance	Chief Financial Officer (Section 151 Officer)
Corporate Director of Children's Services	Director of Children's Services
Director of Adult Social Services	Director of Adult Social Services
Director of Legal and Governance Services	Monitoring Officer
Head of Policy	Scrutiny Officer

Insertion of new 12.07

12.07 Functions of the Scrutiny Officer

Promotion of Overview and Scrutiny

- (a) The Scrutiny Officer will promote the role of the Overview and Scrutiny Committee and its sub-committees.

Support to the Overview and Scrutiny Committee

(b) The Scrutiny Officer will provide support to the Overview and Scrutiny committee and sub-committees and their members.

Support and guidance to members and officers

(c) The Scrutiny Officer will provide support and guidance to members and officers in relation to the functions of the Overview and Scrutiny Committee and its sub-committees.

Insertion to table showing functions of statutory officers in Part 3B – Delegations to Officers

Scrutiny Officer	Statutory Source of Functions
To promote the role of the Overview and Scrutiny Committee and its sub-committees, to provide support and guidance to members and officers of the Committee and its sub-committees and to provide support and guidance to members and officers in relation to the functions of the Committee and its sub-committees.	Section 9FB of the Local Government Act 2000.

RECOMMENDATION TO COUNCIL: That the changes to Article 12 and Part 3B of the Constitution be agreed.

Section 3 – Legal, Risk and Financial Implications

There are no risks to the Council in approving changes to the Constitution as this serves as the framework for decision making processes for matters falling within its remit.

The legal implications are addressed within the report.

There are no financial implications associated with this report.

Ward Councillors notified:

NO

Section 4 - Contact Details and Background Papers

Contact: Jessica Farmer, Head of Legal Services
Tel: 020 8424 1889
E-mail: jessica.farmer@harrow.gov.uk

Background Papers:
Council's Constitution

Appendix 1 – Procedure rules concerning recording of meetings

Council Procedure Rules

26. Recording of Meetings

26.1 Other than the Monitoring Officer or his/her nominated representative, no person may use any mechanical or electronic means of recording or photographing or broadcasting of any part of any meeting of the Council, unless the person presiding at the meeting, in consultation with the other Councillors present at the meeting, gives express permission.

26.2 This Rule shall not apply to a written record of the discussion or decisions made at any meeting.

Committee Procedure Rules

Recording of Meetings

26.1 Other than the Monitoring Officer or his/her nominated representative, no person may use any mechanical or electronic means of recording or photographing or broadcasting of any part of any meetings of any committee, sub-committee or panel of the Council, unless the person presiding at the meeting, in consultation with the other members of the committee, sub-committee or panel of the Council who are present and entitled to vote at the meeting, gives express permission.

26.2 This Rule shall not apply to a written record of the discussion or decisions made at any meeting.

Health and Wellbeing Board Procedure Rules

23. Recording of Meetings

23.1 Other than the Monitoring Officer or his/her nominated representative, no person may record or photograph or broadcast of any part of any meetings of the Board unless the person presiding at the meeting, in consultation with the other members of the Board who are present and entitled to vote at the meeting, gives express permission.

23.2 This Rule shall not apply to a written record of the discussion or decisions made at any meeting.

Executive Procedure Rules

27. Recording of Meetings

27.1 Other than the Monitoring Officer or his/her nominated representative, no person may use any mechanical or electronic means of recording or photographing or broadcasting of any part of any meeting of the Executive, or of an Advisory Panel, Consultative Forum, Sub-panel or Sub-forum unless the person presiding at the meeting, in consultation with the other Members of the Executive or Members of the Advisory Panel, Consultative Forum, Sub-panel or Sub-forum present at the meeting, gives express permission.

27.2 This Rule shall not apply to a written record of the discussion or decisions made at any meeting.

Appendix 2 – Proposed Protocol

Protocol for members of the public wishing to report on meetings of Harrow Council

1. Members of the public are entitled to report on public meetings of the Council, except for any part of the meeting where the public have been excluded under Rule 12 of the Access to Information Procedure Rules because confidential or exempt information is likely to be disclosed. In this context 'members of the public' includes members of the Council.
2. Reporting means:-
 - a. filming, photographing or making an audio recording of the proceedings of the meeting;
 - b. using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
 - c. reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.
3. Oral commentary by someone in the meeting room while the meeting is taking place is not permitted. This is to prevent the business of the meeting being disrupted.
4. Anyone wishing to take photographs or video record by means of a handheld camera or other device is asked to inform a Democratic Services officer before the meeting so that they can be seated appropriately to avoid disruption to other members of the public.
5. Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand. In addition there should be no disruptive behaviour e.g. excessive noise in recording, intrusive lighting and flash photography.
6. No recording is permitted when the press and public have been excluded under Rule 12 of the Access to Information Rules and any recording equipment should not be left in the room.
7. Democratic Services will ensure that agendas for, and signage at, meetings make it clear that filming / recording can take place. By attending the meeting, the public are consenting to being filmed / recorded. However, those recording meetings are requested to respect the privacy of members of the public in attendance by focusing on the councillors and officers taking part in the meeting.

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HARROW COUNCIL

CORPORATE ANTI-FRAUD POLICY

CONTENTS

	Page	Page
LETTER FROM THE LEADER & INTERIM HEAD OF PAID SERVICE	3	
1.0 FOREWORD	4	7.0 REPORTING AND PUBLICITY 19
2.0 INTRODUCTION	5	8.0 CONCLUSION 20
3.0 THE ANTI-FRAUD FRAMEWORK	8	
4.0 THE FRAUD THREATS	12	
5.0 ROLES AND RESPONSIBILITIES	12	
5.1 Corporate Anti-Fraud Team and Internal Audit	12	
5.2 Members	13	
5.3 Employees	13	
5.4 Contractors and suppliers	15	
5.5 The Public and External organisations	15	
6.0 PROSECUTION AND SANCTION POLICY	18	

LETTER FROM THE LEADER AND INTERIM HEAD OF PAID SERVICE

To: All Members and Employees

HARROW Council is committed to helping the vulnerable and families, and nowhere is this work more important than in ensuring they get the financial help they need.

The work of the Corporate Anti-Fraud team is vital in ensuring that the benefits system is administered fairly. It is right that we take robust action through the courts to stop abuses of benefits payments and seek to recover as much of this money as possible.

This administration has resident engagement and building strong communities at its core. Nothing is more corrosive of that vision than those who selfishly exploit the system. This robust stance applies equally to the authority's own employees. The public rightfully expects the Council to exercise the utmost care in seeing that only those who are truly entitled to financial help receive it.

At all times it is crucial that we ensure public money properly spent. This is the basis of the trust which our residents place in the Council. As Harrow's largest employer, the Council has a duty to make clear to all members, employees and contractors that malpractice in any form will not be tolerated. The authority needs to demonstrate the highest standards of probity and transparency. All council employees are reminded that it is their duty to report any financial or professional misconduct. The Council has a well established 'whistle blowing' procedure and will always investigate when presented with serious concerns.

This Corporate Anti-Fraud Policy sets out the responsibilities the Council expects from its staff. We urge you to study it carefully and

join with us in ensuring Harrow Council retains its good name for corporate Governance and fairness.



Cllr David Perry
Leader of the Council



Paul Najsarek
Interim Head of Paid Service

HARROW COUNCIL
CORPORATE ANTI-FRAUD POLICY

1.0 FOREWORD

- 1.1** This document sets out the Council's policy and framework in relation to fraud and corruption which will be reviewed on an annual basis. It has the full support of the Council's Members and the Corporate Leadership Group. The Council is committed to the elimination of fraud, corruption, bribery and misappropriation and to the promotion of high standards of integrity.
- 1.2** The United Kingdom public sector maintains high standards of probity and has a good reputation for protecting public finances. Sound systems of public accountability are vital to effective management and in maintaining public confidence. Harrow Council shares these high standards and is committed to protecting the public funds entrusted to it. The minimisation of losses to fraud is essential for ensuring that public resources are used for their intended purpose, that of providing services to the citizens of Harrow.
- 1.3** The public is entitled to expect Harrow Council to conduct its business with integrity, honesty and transparency and demand the highest standards of conduct from those working for it. This Corporate Anti-Fraud Policy outlines the Council's commitment to creating an anti-fraud service & culture and maintaining high ethical standards in its administration of public funds. It also outlines the mechanisms in place to prevent, detect and investigate fraudulent activity.

2.0 INTRODUCTION

2.1 For the purposes of this policy, the definition of fraud is covered by The Fraud Act 2006 which came into force on 15th January 2007 which legally defined the act of fraud for the first time. The act repealed all the **deception** offences in the Theft Acts of 1968 and 1978 and replaced them with a single offence of fraud (Section 1 of the act) which can be committed in three different ways by:-

- False representation (Section 2 of the act);
- Failure to disclose information where there is a legal duty to do so (Section 3 of the act);
- Abuse of position (Section 4 of the act).

The Act also created new offences of possession (Section 6 of the act) and making or supplying articles for use in frauds (Section 7 of the act).

Obtaining services by deception was replaced by a new offence of obtaining services dishonestly (Section 11 of the act).

2.2 For allegations of fraud involving offences committed prior to 15 January 2007 and for outright theft which does not necessarily require a fraud to be committed, the following categories will still apply:-

- **Theft**
Dishonestly appropriating the property of another with the intention of permanently depriving them of it (Theft Act 1968 & 1978). This may include the removal or misuse of funds, assets or cash.
- **False Accounting**
Dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with intent to cause loss to another or furnishing information which is or maybe misleading, false or deceptive. (Theft Act 1968).
- **Deception**
Obtaining property or pecuniary advantage by deception (Section 15 and 16 of the Theft Act 1968) and obtaining services or evading a liability by deception (Section 1 and 2 of the Theft Act 1978)

- **Collusion**

The term collusion describes any case in which someone incites, instigates, aids and abets, conspires or attempts to commit any of the crimes listed above.

- **Bribery**

The Bribery Act 2010 came into force in on 1st July 2011 and repeals and replaces existing bribery offences. It is designed to combat bribery and corruption in both public and private sectors. Section 1 of the Act introduces a criminal offence of offering, promising or giving a bribe (active bribery) and Section 2 introduces an offence of requesting, agreeing to receive or accepting a bribe (passive bribery). Bribery is defined as giving someone financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so. The Act also sets out two further offences which specifically address commercial bribery

Bribes do not have to be monetary to be covered by the Act and can amount to some other advantage. Nor do they actually have to be received for an offence to take place.

Whilst the authority has not adopted a specific Bribery policy, the implications of the legislation will inevitably impact upon various parts of the business and other existing policies such as the employee and the member code of conduct, the conduct procedure, whistleblowing, financial regulations and procurement and risk management procedures. Changes have been made to these policies to reflect the new legislation.

2.3 The policy defines roles and responsibilities for dealing with the threat of fraud and corruption, both internally and externally and it applies to the following groups.

- The Corporate Anti-Fraud Team and Internal Audit
- Members
- Employees
- Contractors and suppliers
- The Public and external organisations

2.4 In all its dealings, the Authority will adhere to the seven principles of public life set out in the Nolan Committee's report on *Standards in Public Life*.

- **Selflessness**
Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families, or their friends.
- **Integrity**
Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
- **Objectivity**
In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability**
Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness**
Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands. Openness requires an inclusive approach, an outward focus and a commitment to partnership working.
- **Honesty**
Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership**
Holders of public office should promote and support these principles by leadership and example.

3.0 THE ANTI-FRAUD FRAMEWORK

The Council takes ultimate responsibility for the protection of its finances and those that are administered on behalf of the Government. The Council recognises that fraud and corruption are costly in terms of reputational risk and financial loss. The Corporate Governance Framework which underpins the Council's activities has a number of components that exist to protect the Council against fraud and corruption. These are:-

- **Members Code of Conduct**
This contains guidance on pecuniary and non-pecuniary interests, confidentiality, access to documents and meetings, relationships between members and officers, gifts and hospitality; Contract Procedure Rules and Financial Regulations, and the Constitution.
- **Code of Conduct for Council Employees**
This covers general standards; financial and non-financial interests; relationships with colleagues, managers, councillors, contractors, the press and the public; health and safety; care of money and property; political neutrality and political restrictions; and responsibilities of Directors and Chief Officers.
- **Register of Interests, Gifts and Hospitality**
This is covered in both of the above codes and illustrates clear advice when dealing with any situations concerning interests, gifts and hospitality
- **The Constitution**
The Council Constitution sets out how the Council will manage its affairs. **Financial Regulations** provide the framework within which the Council manages its finances and safeguards its assets. They are issued by the Council and are binding on all employees.
- **Internal Audits & controls**
These are undertaken by the Authority's Internal Audit (IA) department in accordance with the requirements of the Accounts and Audit Regulations 2011 and associated professional guidelines. Reviews of control systems are conducted across all departments of the Council and coverage is determined using an objective risk based process. The reviews provide assurance on the effectiveness of internal controls, and alert managers to system weaknesses in order that corrective action can be taken to minimise risk. Ongoing advice on risk management and control improvement is also provided. An annual report on coverage and key findings is submitted to the Governance, Audit, Risk Management & Standards Committee (GARMSC).

- **External Audits**
External audits are carried out by Deloitte and Touche in accordance with the provisions of the Audit Commission Act 1998, the Accounts and Audit Regulations 2011 and the accompanying Code of Audit Practice. The external auditor undertakes a planned programme of work across the Authority, including an annual review of the Authority's arrangements for preventing and detecting fraud and corruption. The External Auditor presents an annual report on coverage and key findings to the Cabinet and to the Governance, Audit, Risk Management & Standards Committee (GARMSC).
- **Independent External Inspection**
The Authority is subject to regular inspection by a number of external agencies and the Local Government Ombudsman. These provide further independent evidence on the adequacy of systems and may highlight irregularities for further investigation.
- **Contract Procedure Rules**
These promote good purchasing and public accountability and deter fraud and corruption. Contract Procedure Rules are a supplement to the Financial Regulations and form part of the constitution. It covers officer responsibilities, competition requirements and basic principles of purchase and disposal of goods and services, partnership arrangements and exemptions/waivers of contract procedure rules. Failure to comply with these rules when letting contracts may result in disciplinary action, and employees have a duty to report breaches of the Contract procedure rules to an appropriate senior manager, internal audit or the CAFT. Further detailed advice can be sought from the Corporate Procurement Department.
- **National Fraud Initiative (NFI)**
As part of the annual external audit process, the Audit Commission requires the Authority to participate in the National Fraud Initiative (NFI). The Serious Crime Act 2007 gave the Audit Commission new statutory powers to conduct data matching exercises by inserting a new Part 2A into the Audit Commission Act 1998. The Authority provides data from its computer systems, which is matched with that of other authorities and agencies, to identify possible fraud. Details of matches are returned to the Authority where further internal investigations are undertaken to identify and pursue cases of fraud and irregularity. CAFT act as key contact for the authority in co-ordinating this exercise and ensuring that data subjects are informed in a timely manner when the exercise is undertaken as per best practice guidance from the Audit Commission and Information Commissioner .
- **Whistleblowing**
The Authority's whistleblowing policy enables employees to report concerns about malpractice or wrongdoing within the organisation without the fear of victimisation, whilst protecting officers and members from uninformed or vexatious allegations. The whistleblowing policy can be found in Harrow's policy index. Whistleblowers are also protected by the Public Interest Disclosure Act 1998.

- **Anti-Money Laundering Policy**
There have been significant changes to the legislation concerning money laundering (the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003), which have broadened the definition of money laundering and increased the range of activities caught by the statutory framework. Harrow's Money Laundering policy places a responsibility on all employees to report suspicious financial activity and on the Money Laundering Reporting Officer (MLRO), currently the Director of Finance & Assurance, to ensure that suspicions are investigated appropriately.
- **Corporate Induction**
Harrow runs a Corporate Induction programme for all new staff which includes expected standards of probity in the workplace.
- **The Corporate Anti-Fraud Team (CAFT)**
The Corporate Anti-Fraud Team investigates allegations of fraud and corruption involving the authority, its members, employees, contractors and suppliers, the public and external organisations. Details of how allegations can be made to the team can be found at www.harrow.gov.uk/fraud. They undertake reactive counter fraud work and an annual risk based programme of proactive counter fraud work which aims to create a zero tolerance culture. They are also responsible for completion of the National Public Sector Annual Fraud Survey co-ordinated by the Audit Commission currently on behalf of the National Fraud Authority. The work will be closely co-ordinated with Internal Audit so that the framework in place to deal with fraud is robust and thorough.
- **The National Anti-Fraud Network (NAFN)**
NAFN is the central point of contact for authorities to exchange information across the country and obtain intelligence relating to allegations of fraud and ongoing investigation queries. The authority is currently a member of NAFN and the CAFT actively encourage all internal enforcement teams to utilise the services they provide.
- **Fraud Response Plan**
The fraud response plan details instructions required at the point of discovery of fraud, to whom the fraud should be reported, how the authority investigates, securing evidence, guidance surrounding contact with employees under suspicion, interviewing, when to contact the police, guidance about the recovery of assets and how to mitigate the threat of future fraud by taking appropriate action to improve controls. Details of this plan can be found internally on the CAFT hub pages.

- **The Regulation of Investigatory Powers Act 2000 (RIPA)**
The Council has a policy surrounding the conduct of directed surveillance and accessing communications data. It provides clear direction in terms of roles, responsibilities and legal obligations when considering this action. There have been important changes to this piece of legislation in November 2012 when seeking an authorisation. Further advice can be sought from Legal Services or CAFT on this matter.
- **Prosecution and Sanction Policy**
CAFT is responsible for drafting the Prosecution and Sanction Policy in relation to criminal investigations conducted by CAFT on matters of fraud and corruption. Advice should be sought from them concerning this policy.
- **Effective recruitment & selection procedures**
The Council's Recruitment and Selection Procedure ensures that employees are appointed on merit and provides controls to eliminate the appointment of unsuitable persons: This can be found in Harrow's policy index.
- **Conduct Procedure**
The Council's Conduct Procedure aims to help and encourage all employees to achieve and maintain acceptable standards of conduct. This can be found in Harrow's policy index.
- **Harrow Strategic Partnership**
The Crime and Disorder Act 1998 requires the Metropolitan Police Service and other specified bodies to undertake prescribed steps in a crime reduction initiative for London. As a result, partnerships have been developed with London local authorities, with the aim of identifying areas where increased liaison can reduce levels of crime, and enhance the effectiveness of fraud and corruption investigation in the public sector. This is achieved through intelligence sharing, the development of partnership protocols, crime prevention and training.

4.0 THE FRAUD THREATS

The Council is responsible for administering public finances and undertakes many transactions including direct income and expenditure and those activities that we administer on behalf of Central Government. Those seeking to defraud the Council may target these sources of income and expenditure and valuable assets especially in times of great change, with the Welfare Reforms having a huge impact upon Council's services.

The Council will be vigilant in all of these areas and will be proactive in prevention, detection, investigation, pursuit and remedy. The Council will not be afraid to meet a difficult challenge head on and confront uncomfortable situations where it is felt appropriate. The authority will always seek to take a robust line and press for the strongest sanctions against those intent on committing fraud, including criminal prosecution and confiscation under the Proceeds of Crime Act 2002.

5.0 ROLES AND RESPONSIBILITIES

5.1 Corporate Anti-Fraud Team and Internal Audit

Both the CAFT and Internal Audit will together provide the Council's Anti-Fraud Service. IA will ensure that sound and effective audit is undertaken of the Council systems and processes. CAFT will utilise all methods to detect, prevent, investigate and pursue fraud. This includes data-matching, data mining, open source research, surveillance and intelligence led investigations. The two branches of the operation will work closely in a seamless manner to assist management to implement appropriate controls and provide solutions to control failures.

The Council actively encourages employees to whistleblow on colleagues who are suspected of committing fraud. The Whistleblowing policy provides further details on how employees can utilise the protection offered by the Public Interest Disclosure Act 1998. All employees, the public and members are encouraged to contact the CAFT or IA with any suspicion of fraud, corruption, financial malpractice or the abuse of official position.

CAFT is responsible for assessing the authorities counter fraud arrangements and performance against professional guidance and findings of internal reviews and investigations. Benchmarking will be used to assess counter fraud arrangements to ensure that there is value for money central to counter fraud activity

Both the CAFT and IA report to the Director of Finance and Assurance (Section 151 Officer) and is authorised to investigate allegations of fraud and corruption under Section 222 of the Local Government Act 1972.

5.2 Members

Members are expected to act in a manner which sets an example to the community whom they represent and to the employees of the council who deliver services.

Members will comply with the Members Code of Conduct. This contains guidance on pecuniary and non-pecuniary interests, confidentiality, access to documents and meetings, relationships between members and officers, gifts and hospitality; Contract Procedure Rules and Financial Regulations and Standards, and the Constitution. Also included is the code of practice for dealing with contraventions of Section 114 of the Local Government Act 1988 ('financial irregularities').

After approving a Corporate Anti-Fraud Policy, members will be expected to play an important role through leading by example and supporting it.

Allegations about members that are received by either IA or CAFT will be referred to the Monitoring Officer immediately. The Monitoring Officer may use the services of the CAFT or IA for the purposes of any investigations.

276

All allegations of fraud and corruption made against our Members will be fully investigated in accordance with the provisions of the Local Government Act 2000.

5.3 Employees

Our employees are the first line of defence against fraud and corruption. They are expected to conduct themselves in ways which are beyond reproach, above suspicion and fully accountable. It is the responsibility of directors and managers to be aware of the appropriate financial regulations and anti-fraud policy and to be responsible for ensuring compliance to them by the staff for which they are responsible.

We acknowledge that our systems are vulnerable from attack from within the authority, particularly by those intent on gaining knowledge of control weaknesses through their official position. Prevention is far more cost effective than cure and managers must establish and maintain systems of internal control ensuring that the Council's resources are properly applied on the activities intended. This includes the responsibility for the prevention and detection of fraud, corruption and financial malpractice.

All personnel employed by or on behalf of the Council have a duty to assist with an investigation. Failure to do so may be considered a breach of trust or failure to comply with financial regulations which could lead to disciplinary action under the Conduct procedure.

Those employees that commit fraud against the Council will be subject to disciplinary action, civil action or criminal prosecution or all of the afore mentioned where deemed appropriate. We will also recommend disciplinary action against those that commit fraud against other Local Authorities, the Department for Works and Pensions or any other agency administering public funds.

It is of paramount importance that employees are aware of the implications of owing or withholding money or property due to the Council, where there is no legal basis for doing so. Owing or withholding money due to the Council without good reason is potentially a misconduct matter, contrary to 8.1.2 of the Employee Code of Conduct.

Advice & assistance will be provided by CAFT and IA to the Human Resources Department relating to the recruitment process and employee conduct in relation to fraud. The Council's Recruitment and Selection Procedure ensures that employees are appointed on merit and provides controls to eliminate the appointment of unsuitable persons:-

- Applicants are required to complete an application form and declare any criminal convictions that are not spent. Where appropriate, applicants are also required to declare all past offences or pending prosecutions and may also be subject to a police check.
- New employees are required to provide a National Insurance number which is validated in accordance with Department for Work and Pensions procedures.
- Applicants are required to produce documentary evidence of any qualifications they claim to hold. If doubt arises as to the authenticity of a qualification, this will be verified with the examination board /professional body. The CAFT can provide assistance in this area.
- Written references are requested for all successful applicants, one of which must be obtained from the most recent/relevant employer. The Council's fidelity insurance guarantee requires that applicants for posts with responsibility for money, goods, accounts, or computer programming/operation of financial systems must provide satisfactory references from all employers during the previous 3 years. If doubt arises as to the authenticity of references then further checks should be carried out to confirm. The CAFT can provide assistance in this area.
- Applicants who are offered appointments are required to provide proof of eligibility to work in the UK prior to commencing employment. Sections 15 to 26 of The Immigration, Asylum and Nationality Act 2006 that came into force on 29 February 2008 places responsibilities on employers to ensure that an employee has the right to work in the UK. Failure to comply with this act may result in either criminal or civil proceedings being taken against employers for a breach. The civil penalty for a breach can be anything up to £10,000 per illegal worker and the criminal penalty of knowingly employing an illegal worker can result in a prison sentence of up to 2 years and/or an unlimited fine.
- Any suspicions concerning documentation confirming eligibility to work in the UK or identity documentation should be referred to the CAFT immediately for further enquiries to be made.

5.4 Contractors and suppliers

Those organisations employed to work on behalf of the Council are expected to maintain strong anti-fraud principles. Our contract partners will be expected to have adequate recruitment procedures and controls when they are administering finance on behalf of the Council.

We expect our partners to have appropriate controls in place to minimise fraud and to provide access to their financial records as they relate to our finances, and their staff will be required to assist fully in any investigation.

We will seek the strongest available sanctions against contractors that commit fraud against the Council or who commit fraud against public funds. We will request that the organisation takes necessary action against the individual and we will require them to be removed from the Harrow account.

5.5 The Public and external organisations

Members of the public receive financial assistance and benefits from the Council through a variety of services. These include Council Tenancies, Temporary Accommodation, Renovation and other housing related grants, Housing and Council Tax Support, Council Tax discounts, Right to Buy discounts, Direct care payments and Parking concessions. At some time or another these areas have been subject to attack by those intent on committing fraud which means that there is less money and resources available for those in genuine need.

Historically, Housing Benefit has received significant focus from Investigation resources due to the sheer scale of the financial support the scheme receives from Central government but there are changes in progress through Government Welfare Reforms which will eventually see Housing Benefit be phased out and replaced by Universal Credit. Council Tax Benefit was abolished in April 2013 and replaced by a localised; Council Tax Replacement Scheme presenting huge financial challenges for the authority as funding for the scheme has been reduced. The government also has plans to pass responsibility for investigating Welfare Benefit fraud to a Single Fraud Investigation Service from 2014/15 onwards. Projects such as the National Fraud Initiative (NFI), the Housing Benefit Matching Service and partnership working with agencies like the DWP, HMRC, The UK Border Agency, the Metropolitan Police and the Pensions Service have strengthened the good work already being done.

Nevertheless, it is recognised that the above mentioned areas require the same focus but will perhaps not receive the same volume of cases in terms of investigations as Housing Benefit. The same principles of investigations will apply across the board where fraud and corruption is alleged.

All applications for financial or other assistance will be verified to the highest standard and all data available to the Council will be used to corroborate information provided by applicants for the purposes of preventing and detecting fraud. All staff involved in assessing applications for assistance and/or verifying identification documentation submitted in support of applications will be provided with ongoing fraud awareness training through an e-learning package hosted by the learning pool.

Fraud trends will be analysed to identify high risk areas and this will be supported by pro-active fraud drives based upon that analysis and consideration for inclusion in the Fraud Plan Programme implemented by the CAFT each year.

Information exchange will be conducted where allegations are received within the framework of the Data Protection Act 1998 for the purposes of preventing and detecting crime or under statutory legislation where it exists.

The Council will make full use of its statutory powers including the power to enter business premises and obtain information regarding benefit customers and the authority to seek information from financial institutions and utilities companies in respect of benefit claims.

We will apply appropriate sanctions in all cases where it is felt that fraud or attempted fraud has been perpetrated against the authority. These will range from official warnings to crown court prosecution. We will also seek to recover any monies obtained fraudulently, including freezing assets, utilising the Proceeds of Crime Act 2002, confiscation orders, civil recovery and general debt recovery.

We will use the Council's Legal Services Department and the Crown Prosecution Service to bring offenders to justice. Prosecutions will not be limited to Housing and Council Tax Benefit fraud cases but will include any area within the Council where there is evidence to indicate a fraud related offence has been committed and the case meets the standards required in the CAFT Prosecution and Sanction Policy and [*The Code for Crown Prosecutors*](#).

As a deterrent, we will publicise our successful sanctions through the Council's Communications Team and in the local and national media where the law allows us to do so and periodically run targeted anti-fraud campaigns within the borough to raise fraud awareness. On occasions the authority will also seek to be featured in TV work focusing on our successful fraud cases.

Any suspicion of fraud should be referred to CAFT using the appropriate referral forms found on the intranet and website.

Public and/or internal fraud allegations can be made via the website www.harrow.gov.uk/fraud or by e-mailing information through to fraud@harrow.gov.uk

6.0 PROSECUTION AND SANCTION POLICY

Where evidence of fraud and corruption is identified, appropriate sanctions will be sought in line with the Prosecution and Sanction Policy. Central to this policy is the Evidential and Public Interest Test which makes up *The Code for Crown Prosecutors*.

There are alternative case disposals options available to the CAFT at the end of an investigation where fraud is proven aside from criminal prosecution. These are cautions, financial penalties and/or contributions paid by offenders towards costs and civil recovery of either property or illegal profits made as a result of fraudulent activity

All cases of proven fraud recommended for sanction are subjected to the evidential and public interest test by management so that there is consistency, cost effectiveness and to ensure that the process is robust and transparent.

The ultimate decision on prosecution is taken by the prosecuting body. In Harrow's case this may be Legal Services on cases where they are instructed, or the Crown Prosecution Service on police led cases.

See CAFT Prosecution and Sanction Policy for more details.

7.0 REPORTING AND PUBLICITY

Incidents of fraud and corruption are reported through the following mechanisms:

- **Governance, Audit, Risk Management & Standards Committee (GARMS)**

The Governance, Audit, Risk Management & Standards Committee considers the circumstances of all significant irregularities, and can report on, and make recommendations to, the Cabinet or other appropriate body. Accordingly, the Director of Finance & Assurance reports progress on a six-monthly basis or as and when required, with an annual report summarising volumes and values and identifying trends. Similarly the Corporate Anti-Fraud Manager will submit regular reports to the Committee on the activities of the CAFT.

- **Audit Commission**

The Authority reports annually to the Audit Commission on identified cases of fraud and corruption and individually in cases as and when overpayments/losses are in excess of £10,000 in the form of an AF70 return. An annual fraud survey is also completed which feeds into the Governments Annual Fraud Indicator report.

- **Department for Work and Pensions (DWP)**

CAFT report Housing/Council Tax Benefit fraud activity on a quarterly basis to the DWP. The data includes overpayments, investigation resources, fraud referrals, investigations conducted and sanction outcomes.

- **Publicity**

Where appropriate, the Authority will publicise actions taken to identify fraud and corruption, and the outcomes of prosecutions using the Communications Team.

8.0 CONCLUSION

Harrow has in place a robust network of systems, policies and procedures to assist in the fight against fraud. It is determined to see that these arrangements will keep pace with future developments, in both preventative and detection techniques regarding fraudulent and corrupt activity affecting its operation or related responsibilities.

The authority is committed to identifying fraud at an early stage and putting in place remedies to prevent it re-occurring. It has committed trained professionals in place to deal with fraud both reactively and proactively.

An ounce of prevention is worth a pound of cure, however we realise that there are individuals and groups intent on penetrating even the most robust system of controls. Those that seek to take away resources from the community will be identified and the strongest penalties sought against them to deter others from attempting.

The approval of the policy by Cabinet demonstrates Harrows commitment to protecting public funds and minimising losses to fraud and corruption. Having made this commitment it is vital that Chief Officers put in place arrangements for disseminating the policy and promoting awareness throughout their departments.

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COUNCIL
13 NOVEMBER 2014

**DECISIONS TAKEN UNDER THE URGENCY
PROCEDURE - COUNCIL**

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REPORT FOR: COUNCIL

Date of Meeting:	13 November 2014
Subject:	DECISIONS TAKEN UNDER THE URGENCY PROCEDURE - COUNCIL
Responsible Officer:	Hugh Peart – Director of Legal and Governance Services
Exempt:	No
Enclosures:	None

In accordance with the delegations to Chief Officers, the Leaders of each of the Political Groups on the Council were consulted on the following urgent decisions, which were approved on behalf of the Council, as they required action prior to this meeting:

Appointments to Outside Bodies

Following necessary and requested changes, appointments to Outside Bodies of the Council were agreed as follows:

Age UK Harrow – Councillor Michael Borio

Harrow in Europe – Councillor Pamela Fitzpatrick

Joint Health Overview and Scrutiny Committee – Councillor Rekha Shah

London Councils' Transport and Environment Committee – Councillor Barry Kendler

Middlesex Guildhall Trust – Councillor Jean Lammiman

All appointments made were for the remainder of the 2014/15 municipal year.

These appointments were agreed as matters of urgency to ensure continuing Council representation on these bodies at the earliest opportunity.

FOR INFORMATION

Contact:

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Background Papers: Urgent Decision Forms

COUNCIL 13 NOVEMBER 2014

Decisions taken under Urgency Procedure by Portfolio Holders, Leader and Deputy Leader, and Use of Special Urgency Procedure

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REPORT FOR: COUNCIL

Date of Meeting:	13 November 2014
Subject:	Decisions taken under Urgency Procedure by Portfolio Holders, Leader and Deputy Leader, and Use of Special Urgency Procedure
Responsible Officer:	Hugh Peart – Director of Legal and Governance Services
Exempt:	No
Enclosures:	Appendix A – Decisions taken as a matter of urgency

Section 1 – Summary

This report sets out a decision taken under urgency procedure rules by a Portfolio Holder, and use of the special urgency procedure since the meeting of the Council on 24 July 2014.

FOR INFORMATION

Section 2 – Report

In accordance with Committee Procedure Rule 47.6 set out in Part 4 of the Council's Constitution, any Executive decisions taken as a matter of urgency are reported to the next available meeting of the Council.

Appendix A sets out decisions taken as matters of urgency since the Council meeting held on 24 July 2014.

In accordance with the Access to Information Procedure Rules and paragraph 19 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the use of the Special Urgency procedure in relation to Executive decisions is to be reported quarterly to Council.

The Special Urgency procedure has not been used since the last Council meeting on 24 July 2014.

Section 3 – Further Information

Where appropriate, Ward Councillors, outside organisations and interested parties were consulted on individual reports considered by Cabinet, the Leader and Portfolio Holders.

Where decisions were deemed urgent, the agreement of the Mayor was obtained that the decision would not be subject to the call-in procedure.

Section 4 – Financial Implications

As per the individual report to the Portfolio Holder.

Ward Councillors notified:

NO

Section 5 - Contact Details and Background Papers

Contact:

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Background Papers:

Council's Constitution / Portfolio Holder Decision report / Cabinet agenda

APPENDIX A

Urgent Decisions

The following urgent decision has been made since Council on 24 July 2014:

Subject	Decision Maker (Portfolio Holder / Leader / Cabinet)	Reason for Urgency
School Expansion Programme – Publication of Statutory Proposals to Expand Weald Infant and Nursery and Junior Schools	Portfolio Holder for Children, Schools and Families – 24 October 2014	The statutory processes to decide whether the schools will combine and expand need to be completed as early as possible to enable the construction programme to be delivered. An urgent decision by the Portfolio Holder about whether to publish statutory proposals would enable statutory proposals to be published for 4 weeks immediately after half term on 3 November 2014, and the decision on amalgamation and expansion to be made by Cabinet in January 2015.

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