

Public Document Pack

COUNCIL APPENDICES

Wednesday, 16th May, 2012
at 2.00 pm

APPENDICES ATTACHED TO THE LISTED REPORTS

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Tuesday, 8 May 2012

DIRECTOR OF CORPORATE SERVICES

TERMS OF REFERENCE FOR GOVERNANCE COMMITTEE (FROM 1ST JULY 2012)

GENERAL

- a. This Committee is a committee of the Council appointed by the Council under the Local Government Act 1972
- b. Certain functions are delegated by this Committee to Officers. Full details may be found in Part 3 of the Council's Constitution
- c. Where a function or matter within the Committee's competence has been delegated to an officer, the Committee may exercise that function/matter concurrently with the officer to whom it has been delegated.
- d. The exercise of any function or matter within the Committee's competence is always subject to any relevant requirement of the Council's Constitution including any Special Procedure and Protocol drawn up and approved by the Head of Legal, HR and Democratic Services in pursuance of Council Procedure Rule 26.2.

TERMS OF REFERENCE

Standards, ethics and probity

1. To lead on the Council's duties under Chapter 7 Localism Act 2011 and to design, implement, monitor, approve and review the standards of ethics and probity of the Council, both for Councillors and employees. The Committee's powers shall include responding to consultation documents and the promulgation of Codes of Conduct but the adoption and revisions to the local Members Code of Conduct shall be reserved to the Council.
2. To promote a culture of openness, ready accountability and probity in order to ensure the highest standards of conduct of Councillors and employees.
3. To lead on all aspects of Corporate Governance by promoting the values of putting people first, valuing public service and creating a norm of the highest standards of personal conduct.
4. To oversee and manage programmes of guidance, advice and training on ethics, standards and probity for Councillors and employees and on the Members Code of Conduct.
5. To be responsible for the Council's register of Members' interests and to receive reports from the Monitoring Officer and Head of Legal, HR and Democratic Services on the operation of the register from time to time.
6. To be responsible for written guidance and advice on the operation of the system of declarations of Members' Interests and to receive reports from the Monitoring Officer on the operation of the system of declarations from time to time.
7. To establish, monitor, approve and issue advice and guidance to Councillors on a system of dispensations to speak on, or participate in, matters in which they have interests and give dispensation in appropriate cases.

8. To exercise the functions of the Council in relation to the ethical framework, corporate governance and standards of conduct of Joint Committees and other bodies.
9. To establish a Standards Sub-Committee to investigate and determine appropriate action in respect of alleged breaches of the Members Code of Conduct.
10. To support the Monitoring Officer and Chief Financial Officer in their statutory roles and the issuing of guidance on them from time to time.
11. To receive regular reports on the performance of the Corporate Complaints process, Local Government Ombudsman referrals, Annual Governance Statement and Code of Corporate Governance and to recommend revisions to related policies and procedures as appropriate.

Audit role

12. To provide independent assurance on the adequacy of the risk management framework and the internal control and reporting environment, including (but not limited to) the reliability of the financial reporting process and the annual governance statement.
13. To be satisfied and provide assurance that appropriate action is being taken on risk and internal control related issues identified by the internal and external auditors and other review and inspection bodies.
14. To receive, and make recommendations on, such reports as are required in relation to all audit matters including the Annual Audit Plan.
15. The Committee shall specifically have responsibility for oversight of and provision of assurance on the following functions:
 - ensuring that Council assets are safeguarded;
 - maintaining proper accounting records;
 - ensuring the independence, objectivity and effectiveness of internal and external audit;
 - the arrangements made for cooperation between internal and external audit and other review bodies;
 - considering the reports of internal and external audit and other review and inspection bodies;
 - the scope and effectiveness of the internal control systems established by management to identify, assess, manage and monitor financial and non-financial risks (including measures to protect against, detect and respond to fraud).

Agenda Item 7

Appendix 2

TERMS OF REFERENCE FOR STANDARDS SUB-COMMITTEE (FROM 1ST JULY 2012)

1. To assess written allegations that a member or co-opted member (or former member or co-opted member) of the Council has failed, or may have failed, to comply with the Members Code of Conduct in accordance with Chapter 7 Localism Act 2011 or any amendment or re-enacted thereof and to administer sanctions where appropriate.
 2. To grant dispensations to members under Section 33 Localism Act 2011 or any amendment or re-enacted thereof.
- NB Reference to member, co-opted member or former member includes reference to independent members of the Governance Committee and Church and Parent Governor representatives.

TERMS OF REFERENCE FOR STANDARDS APPEALS SUB-COMMITTEE (FROM 1ST JULY 2012)

1. To hear an appeal by any member where the Standards Sub Committee has found that the member has failed to comply with the Members Code of Conduct in accordance with Chapter 7 Localism Act 2011 or any amendment or re-enacted thereof and administer sanctions where appropriate

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DATED

2012

Basingstoke and Deane Borough Council
East Hampshire District Council
Eastleigh Borough Council
Fareham Borough Council
Gosport Borough Council
Hampshire County Council
Hart District Council
Havant District Council
Isle of Wight Council
New Forest District Council
Portsmouth City Council
Rushmoor Borough Council
Southampton City Council
Test Valley Borough Council
and
Winchester City Council

**Panel Arrangements for the
Police and Crime Panel for the
Hampshire Police Area**

Kevin Gardner
Head of Legal Services
Hampshire County Council
Winchester
Hants
SO23 8UJ

RECITALS

1. Section 28(1) of the Police Reform and Social Responsibility Act 2011 (“the Act”) provides that each police area is to have a police and crime panel established and maintained in accordance with Schedule 6 to the Act. Paragraph 3(2) of Schedule 6 to the Act provides that the local authorities for a police area must (a) establish and maintain a police and crime panel for their police area, and (b) make the panel arrangements for the police and crime panel. Paragraph 3(3) provides that in the case of a multi-authority police area, all the relevant local authorities must agree to the making or modification of the panel arrangements.
2. Further to the abovementioned provisions, the Parties to this Agreement, being all the relevant local authorities for the Hampshire Police Area, wish to make and record the panel arrangements for the police and crime panel for that area.

NOW IT IS AGREED:

PART A: Commencement and Establishment of Panel

1. Commencement

This Agreement shall commence on the 1st June 2012.

2. Parties

- a. Basingstoke and Deane Borough Council of Civic Offices, London Road, Basingstoke RG21 4AH
- b. East Hampshire District Council of Penns Place, Petersfield, Hampshire, GU31 4EX
- c. Eastleigh Borough Council of Civic Offices, Leigh Road, Eastleigh, Hampshire SO50 9YN
- d. Fareham Borough Council of Civic Offices, Civic Way, Fareham, Hampshire, PO16 7PP
- e. Gosport Borough Council of Town Hall, High Street, Gosport, Hampshire. PO12 1EB.
- f. Hampshire County Council of The Castle, Winchester, Hampshire, SO23 8UJ
- g. Hart District Council of Civic Offices, Harlington Way, Fleet, Hampshire GU51 4AE
- h. Havant Borough Council of, Civic Centre Road, Havant, Hampshire PO9 2AX
- i. Isle of Wight Council of County Hall, High Street, Newport, Isle of Wight PO30 1UD
- j. New Forest District Council of Appletree Court, Lyndhurst, Hampshire, SO43 7PA
- k. Portsmouth City Council of Civic Offices, Guildhall Square, Portsmouth, Hampshire, PO1 2BG
- l. Rushmoor Borough Council of Council Offices, Farnborough Road, Farnborough, Hampshire GU14 7JU

- m. Southampton City Council of Civic Centre, Southampton, Hampshire S014 7LY
- n. Test Valley Borough Council of Beech Hurst, Weyhill Road, Andover, Hampshire, SP10 3AJ
- o. Winchester City Council Colebrook Street, Winchester, Hampshire, SO23 9LJ

3. Definitions

“the Act”	means the Police Reform and Social Responsibility Act 2011
“Agreement”	means this written agreement
“Appointed Member”	means an elected member appointed to the Panel by an Authority under clause 7
“Appointing Authority”	means the Authority that has appointed an Appointed Member
“The Authorities”	means the parties to this Agreement set out in clause 2
“Balanced Appointment Objective”	has the meaning given in Paragraph 31(5) of Schedule 6 to the Act (summarised for ease of reference in Part 3 of the Schedule)
“Central Government Grant”	means the funds made available by the Secretary of State to assist with the costs of establishing and maintaining the Panel
“Chair”	means the Chair of the Panel elected initially under clause 11.1 and thereafter in accordance with the Panel’s rules of procedure
“Chief Constable”	means the chief constable for the police force for the Hampshire Police Area further to S.2 of the Act
“Chief Executive”	means the officer of an Authority designated as its chief executive or, where none exists, its head of paid service for the purposes of S.4 local Government and Housing Act 1989
“Commissioner”	means the police and crime commissioner for the Hampshire Police Area further to S.1 of the Act
“Co-opted Member”	means a person co-opted to the Panel under clause 12.1

“Deputy Commissioner”

means a deputy police and crime commissioner appointed by the Commissioner further to S.18(1) of the Act

“Deputy Member” has the meaning given in clause 8.6

“Financial Year” means any period from 1st April to 31st March next following

“Hampshire Police Area”

means the police area of Hampshire for the purposes of S. 1 of and Schedule 1 to the Police Act 1996

“Lead Authority” means the local authority appointed by the Authorities as lead authority in accordance with Clause 6.

“Leader” means the executive leader of an Authority, where that Authority operates a leader and cabinet executive, or the elected mayor of an Authority, where that Authority operates a mayor and cabinet executive, and in other cases, the person nominated by an Authority further to clause 21.3

“the Panel” means the Hampshire Police and Crime Panel

“the Panel Competencies”

has the meaning in clause 9.3

“the Political Balance Information”

has the meaning in clause 9.2

“Presiding Officer” has the meaning in clause 11.1

“Representative” means a person appointed under clause 21.2

“Schedule” means the schedule to this Agreement

“Secretary of State” means the Home Secretary

4. Interpretation

- 4.1 The headings for each section throughout this Agreement are provided for ease of reference only and shall not affect its construction or interpretation.
- 4.2 References to the singular include references to the plural and vice versa.
- 4.3 Where any provision is founded on or refers to a legislative requirement that is modified or re-enacted by virtue of subsequent legislation, that provision shall be

interpreted and applied so far as practicable in such way as to give effect to and ensure compliance with that amendment.

5. Establishment of Police and Crime Panel

- 5.1 Further to Paragraph 3(2) and 3(3) of Schedule 6 to the Act, the parties hereby establish a police and crime panel for the Hampshire Police Area, on the terms set out in this Agreement. The panel shall be known as “The Hampshire Police and Crime Panel” and for ease of reference is referred to hereafter in this Agreement as “the Panel”.
- 5.2 The Panel shall carry out the statutory functions of a police and crime panel under the Act, subject to any modification or re-enactment thereof. For ease of reference only, a summary of the statutory provisions of main relevance as of the date of this Agreement, are set out in the Schedule hereto.
- 5.3 Insofar as any action is required to be taken by the Authorities in establishing the Panel prior to relevant provisions of the Act being brought into force by the Secretary of State, such actions are taken further to the Authorities’ general subsidiary powers under Section 111 of the Local Government Act 1972 to do anything calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.

6. Lead Authority

- 6.1 The Parties shall appoint a lead authority to act on their behalf in making and co-ordinating all such arrangements as are reasonably necessary to ensure the effective setting-up and maintenance of the Panel in accordance with the provisions of the Act and this Agreement (“Lead Authority”). The Parties shall provide the Lead Authority with all such assistance as it may reasonably require in this respect.
- 6.2 Upon the commencement of this Agreement, Hampshire County Council is appointed as Lead Authority.
- 6.3 The appointment of Lead Authority may be varied from time to time by the written agreement of all the Authorities.
- 6.4 The Authorities hereby authorise the Secretary of State to pay the Central Government Grant to the Lead Authority on their behalf, and further authorise the Lead Authority to make any payments from such funds as may be required in connection with the Panel’s functions, having regard to the budget approved by the Panel further to clause 15.

7. Membership

- 7.1 Each Authority shall nominate and, subject to the nominee accepting the nomination, appoint one of its elected members to the Panel, referred to as that Authority’s “Appointed Member”.
- 7.2 As soon as reasonably practicable after the commencement of this Agreement, and by 15 June 2012 at the latest, each Authority shall nominate and appoint its

first Appointed Member. Thereafter, where an Authority's Appointed Member's term of office expires under clause 8.1, where they resign under clause 8.2, or where they are removed further to clause 8.3, the Authority shall make a further nomination and appointment.

- 7.3 Decisions about the nomination and appointment of an Appointed Member shall be made in accordance with clauses 9 and 10.
- 7.4 As soon as reasonably practicable after appointing its Appointed Member, the Authority shall give notice to the Lead Authority of the name, contact telephone number, postal and email address of the Appointed Member, and the date of their appointment. Except in cases of urgency, such notice shall be given at least 10 working days before any scheduled meeting of the Panel, to enable sufficient time for the newly Appointed Member to receive and consider agenda papers for that meeting.
- 7.5 An Authority may not make a nomination of an Appointed Member if, and for as long as, a notice given to that Authority by the Secretary of State under Paragraph 10(8) of Schedule 6 to the Act is in force.
- 7.6 Where appointment of a member of an Authority is made not by the Authority, but by the Secretary of State further to Paragraph 10(4) of Schedule 6 to the Act, that appointee shall be regarded as that Authority's Appointed Member for the purposes of this Agreement.
- 7.7 Where, in accordance with the Local Government Act 2000, an Authority has a mayor and cabinet executive, it must appoint its elected mayor as its Appointed Member, subject to Paragraphs 33 and 34 of Schedule 6 to the Act.

8. Term of Office, Resignation, and Change (including Temporary Change) of Members

- 8.1 Subject to this clause 8, the term of office of an Appointed Member is four years commencing with the date of appointment.
- 8.2 Any Appointed Member may resign by notification to the Lead Authority, such resignation taking effect upon receipt.
- 8.3 Subject to clause 8.4, any Authority may remove its Appointed Member and appoint a new Appointed Member in their place. Notification of the removal and further appointment shall be provided to the Lead Authority as soon as reasonably practicable following such change, taking effect upon receipt. Any decision to remove an Appointed Member shall be made in accordance with the provisions of clause 10.
- 8.4 An Authority may not remove its Appointed Member where that appointment has been made by the Secretary of State further to Paragraph 10(4) of Schedule 6 to the Act, or where it has a mayor and cabinet executive and its Appointed Member is its elected mayor.
- 8.5 An Appointed Member whose term of office expires further to clause 8.1 is eligible for immediate re-appointment. An Appointed Member who resigns further

to clause 8.2, or who is removed further to clause 8.3 is eligible for re-appointment to the Panel at a future date.

- 8.6 Where an Appointed Member is temporarily unable to attend a meeting of the Panel or to otherwise undertake Panel business, the power under clause 8.3 shall be used flexibly by that Member's Appointing Authority to enable the temporary removal of that Appointed Member and the temporary appointment of another of that Authority's members to deputise in their absence ("Deputy Member"). The notification of such change provided to the Lead Authority under clause 8.3 shall specify the duration of such temporary appointment (which shall not exceed 28 days), and that with effect from the end of the period specified the first Appointed Member shall be reappointed. Upon receipt of such notification, the Deputy Member shall be regarded as the Authority's Appointed Member for all purposes during the temporary period so specified. Decisions about the nomination and appointment of a Deputy Member shall be made in accordance with clause 10.

9. The Balanced Appointment Objective – Initial Arrangements

- 9.1 In nominating and appointing an Appointed Member, an Authority is required by the Act to secure that (as far as reasonably practicable) the Balanced Appointment Objective is met. This clause 9 and clause 10 set out the arrangements that will be operated by the Authorities to ensure that this requirement is observed.
- 9.2 By the 10th May 2012, each Authority will notify the Lead Authority of (1) the total number of members of that Authority and (2) the division of those members into political groups for the purposes of S.15 of the Local Government and Housing Act 1989 and Part 3 of the Local Government (Committees and Political Groups) Regulations 1990 (or, where the Authority has no such formal political groups, the numbers of its members it regards as affiliated to recognised political parties) and (3) the number of independent members who are not affiliated to any political group or party. The Lead Authority shall then give notice to the other Authorities of the aggregate number of members in the Authorities and their overall division by reference to political parties and independent members ("the Political Balance Information").
- 9.3 For the purposes of the initial appointment of Appointed Members, the skills, knowledge and experience necessary for the Panel to discharge its functions effectively shall include:
- **Skills:** investigative; taking a strategic view; communications; chairing
 - **Knowledge:** policing policy; community safety; licensing; tackling anti-social behaviour; equality and diversity
 - **Experience:** overview and scrutiny; holding decision makers to account; political engagement

("the Panel Competencies")

- 9.4 The Authorities shall make their nomination and appointment of their initial Appointed Member having regard to the Political Balance Information and the Panel Competencies, and following such consultation and discussion as may take place between the Leaders of the Authorities to secure that overall, and as far as reasonably practicable, the Balanced Appointment Objective is met. In so doing, the Authorities may take into account the fact that, subject to the agreement of the Secretary of State, the Panel has the power to co-opt members in due course to secure that the Balanced Appointment Objective is met.
- 9.5 The Authorities intend that the element of the Balanced Appointment Objective that requires Panel members to represent all parts of the police area will be met by each Authority appointing a member elected for its administrative area as its Appointed Member.

10. The Balanced Appointment Objective – Ongoing Arrangements

- 10.1 Each Authority shall notify the Lead Authority within 14 days of any change in the Political Balance Information for that Authority following a review of the representation of political groups on that Authority further to section 15(1) of the Local Government and Housing Act 1989.
- 10.2 The Lead Authority shall maintain the Political Balance Information and, within 14 days of receipt of notification under clause 10.1, notify the Authorities of any change arising as a result of that notification. The Lead Authority shall also report the updated Political Balance Information to the meeting of the Panel next following the change.
- 10.3 The Panel shall keep the Panel Competencies under review and advise the Lead Authority of any gaps in, or additional areas of, skills, knowledge or experience it considers necessary to enable it to carry out its functions effectively. The Lead Authority shall notify any such information to any Authority that is due to consider nominating and appointing its Appointed Member.
- 10.4 Each Authority shall continue to make decisions from time to time about the nomination, appointment and (where necessary) removal of its Appointed Member, having regard to the Political Balance Information (updated as necessary in accordance with clause 10.2), and the Panel Competencies (together with such further information as is notified further to clause 10.3), and following such consultation and discussion as may take place between the Leaders of the Authorities to secure that overall, and as far as reasonably practicable, the Balanced Appointment Objective is met. In so doing, the Authority may take into account the fact that, subject to the agreement of the Secretary of State, the Panel has the power to co-opt members and, where necessary, to change the appointment of co-opted members, to secure that the Balanced Appointment Objective is met.

11. Appointment of Chair and Rules of Procedure

- 11.1 The election of the Chair of the Panel shall be the first item of business at the Panel's first meeting. The Lead Authority's Chief Executive, or their authorised representative ("the Presiding Officer") shall preside for this first item of business.
- 11.2 The Presiding Officer shall call for nominations for Chair. Any Appointed Member is eligible for appointment as Chair, subject to their nomination being proposed and seconded by two other Appointed Members.
- 11.3 If only one nomination is received, the Presiding Officer shall declare that Appointed Member duly elected and shall install them as Chair of the Panel. If more than one nomination is received, the Presiding Officer shall read out the name of each candidate, following which those Appointed Members voting for that candidate shall indicate this by show of hands. The candidate securing most votes shall be declared duly elected by the Presiding Officer and installed as Chair of the Panel.
- 11.4 In the event of a tie, the Presiding Officer shall not have a casting vote. Further discussions shall take place following which the procedure in clause 11.3 shall be repeated until a Chair is elected.
- 11.5 At its first meeting, the Panel shall adopt its own rules of procedure at meetings,. The election of Chair of the Panel on any future occasion shall be carried out in accordance with those rules.

12. Co-option of Members

- 12.1 The Panel shall appoint a minimum of two Co-opted Members who may not be members of the Authorities. Subject to the agreement of the Secretary of State, the Panel may resolve further to Paragraph 4(4) of Schedule 6 to the Act to appoint up to three additional Co-opted Members, who may be members of the Authorities.
- 12.2 The provisions of clauses 8.1 – 8.5 apply to Co-opted Members as they apply to Appointed Members, and with the reference to "Authority" in clause 8.3 being read as a reference to the Panel.

13. Members' Allowances and Expenses

- 13.1 Subject to compliance with the Local Authorities (Members Allowances) (England) Regulations 2003, where an Appointed Member who is elected as Chair is not already in receipt of a special responsibility allowance under the scheme of members' allowances of their Appointing Authority, their Appointing Authority shall explore making an amendment to that scheme to provide for the payment of a special responsibility allowance to that Appointed Member, in consideration of their responsibilities as Chair. Any allowance so paid shall be reimbursed to that Authority by the Lead Authority from the Central Government Grant. Where the Chair is the Appointed Member of the Lead Authority, any allowance so paid shall be met from the Central Government Grant.
- 13.2 Subject to compliance with the Local Authorities (Members Allowances) (England) Regulations 2003, travel and subsistence allowance in relation to

attendance at Panel meetings by an Appointed Member shall be claimed from and paid by the Authority appointing them, in accordance with that Authority's own procedures.

- 13.3 Subject to compliance with the Local Authorities (Members Allowances) (England) Regulations 2003, the Lead Authority shall explore the making of an amendment to its scheme of members' allowances to provide for the payment of a co-optee's allowance and travel and subsistence allowance to any Co-opted Member of the Panel who is not also a member of an Authority.
- 13.4 Sums paid further to clause 13.2 shall be reimbursed to the Appointing Authority by the Lead Authority from the Central Government Grant, subject to the total amount payable not exceeding the element of the Central Government Grant paid in respect of the expenses of a member. In 2012-13 this limit is £460 per Appointed Member and in 2013-14 £920 per Appointed Member. Any variation in this limit in future years shall be notified by the Lead Authority to the other Authorities.
- 13.5 Sums paid further to clause 13.3 shall be met by the Lead Authority from the Central Government Grant, subject to the total amount payable in respect of travel and subsistence allowance not exceeding the element of the Central Government Grant paid in respect of the expenses of a member. In 2012-13 this limit is £460 per Co-opted Member and in 2013-14 £920 per Co-opted Member.

14. Members' Code of Conduct

- 14.1 In attending Panel meetings and undertaking Panel business, an Appointed Member is acting in the capacity of a member of the Authority appointing them, and is therefore subject to the members' code of conduct adopted by that Authority further to Section 27(2) of the Localism Act 2011.
- 14.2 Co-opted members of the Panel shall be regarded as co-opted members of the Lead Authority, further to Section 27(4) of the Localism Act 2011, and subject therefore to the Lead Authority's members' code of conduct when acting in that capacity.

15. Budget and Costs

- 15.1 The Authorities' objective is that the total costs incurred in connection with the establishment and maintenance of the Panel (including allowances paid further to clause 13) shall be contained within the Central Government Grant. In 2012-13 this sum is approximately £36k, and in 2013-14 approximately £72k.
- 15.2 At the first meeting of the Panel, the Lead Authority shall present a draft budget for the Panel, setting out how it is proposed to manage its expenditure on Panel business for the 2012-13 Financial Year. Subject to any variations agreed, the Panel shall adopt the budget and monitor expenditure against it.
- 15.3 Prior to the start of the 2013-14 Financial Year, and thereafter on an annual basis prior to each subsequent Financial Year, the Lead Authority shall present a draft budget for the Panel, setting out how it is proposed to manage its expenditure on Panel business for the coming Financial Year. Subject to any variations agreed,

the Panel shall adopt the budget and monitor expenditure against it.

- 15.4 Where for any reason actual expenditure in any Financial Year exceeds the Central Government Grant, the excess shall be borne by the Authorities in equal shares, unless otherwise agreed by the Authorities. Each Authority shall be liable to reimburse the Lead Authority the sum due.

16. Promotion of the Panel's Role

- 16.1 The Panel shall be responsible for considering and agreeing arrangements for promotion of its role and its work amongst relevant stakeholders.

17. Professional Advice and Administrative Support

- 17.1 The Lead Authority shall be responsible for providing, or commissioning, appropriate professional advice and administrative support to ensure the efficient and effective discharge of the Panel's functions, including:

- Policy advice
- Scrutiny support
- Democratic services and member support
- Legal advice
- Financial advice
- Communications, website and media relations support

- 17.2 The Lead Authority shall be responsible for providing support and guidance to members, including executive members, and officer, of the Authorities in relation to the functions of the Panel.

- 17.3 The Lead Authority's proposals for fulfilling its responsibilities under clauses 17.1 and 17.2, and how the costs of this are to be met, shall be presented to the Panel for agreement along with the budget further to clause 15.

- 17.4 Any change in appointment of Lead Authority further to clause 6.3 shall be effected in such a way as to maximise the transfer of relevant staff and to minimise any liabilities arising. To the extent that such liabilities do arise as a result of the change of appointment, these shall be met from the budget agreed under clause 15.

18. Legal Requirements

- 18.1 Requests under the Freedom of Information Act in relation to Panel business shall be received and handled by the Lead Authority in accordance with its usual procedures.

- 18.2 So far as is applicable, personal data handled in the course of managing Panel business shall be managed by the Lead Authority as data controller in accordance with its data protection registration.

- 18.3 So far as is applicable, any intellectual property rights arising from the management of Panel business shall be held by the Lead Authority on behalf of the Authorities and the Lead Authority shall have full power to make decisions in

connection with those rights.

19. Amendment

19.1 This Agreement may only be amended by a further agreement in writing executed by all of the Authorities.

20. Legal Liabilities

20.1 Each Authority remains solely responsible for any liability it may incur arising as a result of the acts or omissions of its members, officers or representatives in connection with the business of the Panel, except where, and to the extent that, a contributory factor to such liability arising is the act or omission of another Authority, its members, officers or representatives.

20.2 Each Authority undertakes to effect and maintain appropriate indemnity and insurance arrangements (which may include self-insurance arrangements) in respect of such liabilities as it reasonably considers may arise from the operation of this Agreement.

20.3 Liabilities incurred by the Lead Authority as a result of the responsible and diligent discharge of the functions of Lead Authority shall be met from the budget agreed under clause 15.

21. Notice

21.1 Where under this Agreement the giving of any notification is required, subject to clause 21.2, it shall be given in writing by or on behalf of the Chief Executive of one Authority to the Chief Executive of the other Authority, at the address for that Authority stated in clause 2. Notice shall be sent by first class post and deemed received on the second normal business day after posting.

21.2 Notice may be given to the Lead Authority, by or on behalf of an Authority's Chief Executive, of a name of an officer of that Authority who is their Representative for the purposes of this Agreement, with an email address by and to which any notifications may be made and received by their Representative by email for the purposes of this Agreement. A list of all such Representatives and their email addresses shall be maintained and updated by the Lead Authority and circulated to the Authorities' Chief Executives or, as the case may be, their nominated Representatives.

21.3 Where at any time an Authority does not operate either a leader and cabinet executive, or a mayor and cabinet executive for the purposes of the Local Government Act 2000 (as amended), it shall notify the Lead Authority of the person to be regarded as its Leader for the purposes of this Agreement.

22. Severability

If any term, condition or provision contained in this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remaining parts of this Agreement.

23. Waiver

No term or provision of this Agreement shall be considered as waived by any of the Authorities unless a waiver is given in writing by that Authority to the other Authorities.

24. Governing Law

This Agreement shall be governed by and construed in accordance with English Law and the Authorities hereby submit to the exclusive jurisdiction of the English Courts.

25. Suspension

The continued operation of this Agreement is subject to the provisions of any order made by the Secretary of State to establish a police and crime panel under Part 3 of Schedule 6 to the Act, further to Paragraph 1(2) of the said Schedule 6.

25. Counterparts

This agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument.

26. Exclusion of Third Party Rights

Save to the extent as expressly provided for in this Agreement no person who is not an Authority shall have any right to enforce any term of this Agreement and the provisions of the Contracts (Rights of Third Parties) Act 1999 shall not apply to this Agreement.

Schedule

Summary of Main Statutory Provisions Relevant to the Panel

Part 1: Functions

Police and Crime Plan (S.28(3) of the Act)

1. The Panel shall review the draft Police and Crime Plan, or draft variation, given to it by the Commissioner in accordance with Section 5(6)(c) of the Act and make a report or recommendations on the draft plan or variation to the Commissioner.

Annual Report (S.28(4) of the Act)

The Panel shall:

- 1 Arrange for a public meeting of the Panel to be held as soon as practicable after the Panel is sent an annual report under Section 12 of the Act;
- 2 Ask the Commissioner, at that meeting, such questions about the annual report as the members of the Panel think appropriate;
- 3 Review the annual report, and
- 4 Make a report or recommendations on the annual report to the Commissioner.

Appointment of Senior Staff (Paragraphs 9 – 12 of Schedule 1 to the Act)

- 1 Subject to paragraph 3 below, on receipt of notification from the Commissioner of a proposed appointment to the position of the Commissioner's chief executive, chief finance officer, or Deputy Commissioner, the Panel shall, within a period of three weeks beginning with the day the Panel receives notification of the proposed appointment:
 - 1.1 Review that proposed appointment;
 - 1.2 Hold a confirmation hearing; and
 - 1.3 Make a report to the Commissioner upon the proposed appointment. The report shall include a recommendation to the Commissioner as to whether or not the candidate should be appointed.
- 2 The Panel shall publish, in such manner as it may determine, its report to the Commissioner.
- 3 In calculating the period of three weeks referred to in paragraph 1 above, any relevant post-election period, as defined in Paragraph 10(5) of Schedule 6 to the Act, shall be ignored.

Issuing Precepts (Paragraphs 3 – 5 of Schedule 5 to the Act)

- 1 On receipt of notification from the Commissioner of a proposed precept for a financial year, the Panel shall:
 - 1.1 Review that proposed precept; and
 - 1.2 Make a report to the Commissioner on the proposed precept, which may include recommendations, including recommendations as to the precept that should be issued for the financial year.
- 2 The Panel may, having reviewed the proposed precept, veto the proposed precept, by a majority of at least two-thirds of the persons who are members of the Panel at the time the decision is made voting in favour of making that decision.

Appointments by the Commissioner (Paragraphs 3 - 6 of Schedule 8 to the Act)

- 1 Subject to paragraph 3 below, on receipt of notification from the Commissioner of a proposed appointment of a chief constable, the Panel shall, within a period of three weeks beginning with the day the Panel receives notification of the proposed appointment:
 - 1.1 Review the proposed appointment;
 - 1.2 Hold a confirmation hearing; and
 - 1.3 Subject to paragraph 4 below, make a report to the Commissioner on the proposed appointment, which must include a recommendation as to whether or not the candidate should be appointed.
- 2 The Panel shall publish, in such manner as it may determine, its report to the Commissioner.
- 3 In calculating the period of three weeks referred to in paragraph 1 above, any relevant post-election period, as defined in Paragraph 4(10) of Schedule 8 to the Act, shall be ignored.
- 4 The Panel may, having reviewed the proposed appointment, veto the appointment of the candidate by a majority of at least two-thirds of the persons who are members of the Panel at the time the decision is made voting in favour of making that decision. Where the Panel vetoes the appointment, it shall include in its report to the Commissioner a statement that it has vetoed it.
- 5 The power to veto an appointment shall be exercised within a period of three weeks beginning with the day the Panel receives notification of the proposed appointment.

Scrutiny (S.28(6) of the Act)

1 The Panel must:

- 1.1 Review or scrutinise decisions made, or other action taken, by the Commissioner in connection with the discharge of the Commissioner's functions; and
- 1.2 Make reports or recommendations to the Commissioner in connection with the discharge of the Commissioner's functions

insofar as the Panel is not otherwise required to do by subsection 28(3) or (4) of or Schedules 1, 5 or 8 to the Act

Publication of Reports (S.28(7) of the Act)

1 The Panel must publish, in such manner as it may determine, any reports or recommendations made to the Commissioner, and send copies of such reports or recommendations to each of the Authorities.

Appointment of Acting Commissioner (S.62 of the Act)

1. The Panel must appoint a member of the Commissioner's staff as acting commissioner where no one holds the office of Commissioner, or they are incapacitated or suspended. The Panel shall have regard to any representations made by the Commissioner in relation to the appointment.

Conduct and Complaints(S.31 and Schedule 7 to the Act; Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012

1. The Panel has certain responsibilities in respect of the making and handling of complaints about the Commissioner or Deputy Commissioner, and the recording of matters where there is an indication that either may have committed a criminal offence.

Policing Protocol Order 2011

1. The Panel has a responsibility to exercise its functions in accordance with the Policing Protocol Order 2011.

Part 2: Powers

Power to Require Attendance and Information (S.29 of the Act)

1 The Panel may require the Commissioner, and members of the Commissioner's staff, to attend before the Panel (at reasonable notice) to answer any question which appears to the Panel to be necessary in order for it to carry out its functions. Such a requirement must be complied with. However, this does not require any member of the Commissioner's staff to give any evidence, or

produce any document, which discloses advice given to the Commissioner by that person.

2. The Panel may require the Commissioner to respond in writing (within a reasonable period determined by the Panel) to any report or recommendation made by the Panel to the Commissioner. Such a requirement must be complied with.
3. Where the Panel requires the Commissioner to attend before it, the Panel may (at reasonable notice) request the Chief Constable to attend before the Panel on the same occasion to answer any question which appears to the Panel to be necessary in order for it to carry out its functions.

Suspension of Commissioner (S.30 of the Act)

- 1 The Panel may suspend the Commissioner if it appears to the Panel that the Commissioner has been charged in the UK, Channel Islands or Isle of Man with an offence which carries a maximum term of imprisonment exceeding two years. The suspension ceases to have effect upon the charge being dropped, the Commissioner being acquitted, the Commissioner being convicted but not being disqualified under S.66 of the Act by virtue of the conviction, or the termination of the suspension by the Panel (whichever is the earliest).

Part 3: The Balanced Appointment Objective (Paragraph 31 of Schedule 6 to the Act)

- 1 In nominating and appointing an Appointed Member, each Authority must secure that (as far as reasonably practicable) the balanced appointment objective is met.
2. In co-opting persons who are members of the Authorities, the Panel must secure that (as far as reasonably practicable) the balanced appointment objective is met.
- 3 The Panel must, from time to time, decide whether the Panel's exercise of the power to change the number of Co-opted Members of the Panel would enable the balanced appointment objective to be, or would contribute to that objective being, met or more effectively met, and if it decides that the exercise of the power would do so, must exercise that power accordingly.
- 4 The balanced appointment objective is the objective that the members of the Panel who are members of the Authorities (when taken together):
 - 4.1 represent all parts of the police area;
 - 4.2 represent the political make-up the Authorities (when taken together); and
 - 4.3 have the skills, knowledge and experience necessary for the Panel to discharge its functions effectively
- 5 In co-opting members who are not members of the Authorities, the Panel must secure that (as far as reasonably practicable) the Appointed Members and Co-opted Members (when taken together) have the skills, knowledge and experience necessary for the Panel to discharge its functions effectively.

**THE COMMON SEAL OF THE PARTIES IS
HEREUNDER AFFIXED IN THE PRESENCE OF:**

Authorised Signatory _____
Basingstoke and Deane Borough Council

Authorised Signatory _____
East Hampshire District Council

Authorised Signatory _____
Eastleigh Borough Council

Authorised Signatory _____
Fareham Borough Council

Authorised Signatory
Gosport Borough Council

Authorised Signatory
Hampshire County Council

Authorised Signatory
Hart District Council

Authorised Signatory
Havant District Council

Authorised Signatory
Isle of Wight Council

Authorised Signatory _____
New Forest District Council

Authorised Signatory _____
Portsmouth City Council

Authorised Signatory _____
Rushmoor Borough Council

Authorised Signatory _____
Southampton City Council

Authorised Signatory _____
Test Valley Borough Council

Authorised Signatory
Winchester City Council

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USE OF RESOURCES

D. SECRETARIAL SUPPORT

1. Secretarial support is provided for all Members to support them in carrying out their Council duties. The level of support depends on the varying demands of different roles and responsibilities. Officers should not be requested to deal with personal or political matters and if any such request is made, they are required to politely refuse any involvement and refer the matter to their manager. Examples of personal or political matters that cannot be handled by officers include:

- Making arrangements for social or other personal activities, unless directly related to Council business.
- Correspondence between Members that is party- related rather than on matters of Council business.
- Correspondence, telephone calls and other communications that relate to Group meetings other than that which is relevant to Council business.

Additional guidance is provided in the Protocol on Member/Officer Relations.

2. For the Executive and Group Leaders

Personal assistance and secretarial support is provided to give individual support to the Leader of the Council, Cabinet Members and Opposition Group Leaders in relation to their work on Council business. This includes:-

- ◆ Diary management and arranging meetings with officers, residents, community organisations, businesses and other organisations that relate to Council business.
- ◆ Dealing with correspondence, drafting replies to correspondence, typing and IT support. Where multiple letters are to be sent out to residents informing them on items related to the Cabinet Member portfolio area then the cost for this should be borne by the portfolio area. All information sent out should be communicated via the most cost effective method ie email, newsletter, city view.
 - Letters should not duplicate information sent out by service areas; for example, information relating to Planning Applications or official letters on behalf of the Council should normally be sent in the name of the appropriate Officer rather than the name of the Member.
 - If the Cabinet Member is copying councillor colleagues in on the letter or communication then this should apply to all councillors in the relevant ward(s) and not just those in the same political party.
- ◆ Obtaining information from officers and other organisations as required by Cabinet Members and Group Leaders.
- ◆ Dealing with the public and organisations on the telephone or in person to provide information and help to resolve queries and problems referred to individual Cabinet Members and Group Leaders.
- ◆ Arranging travel, accommodation and conference or other bookings for Approved Duties as defined in the Members' Allowance Scheme.

All Members

~~The Members' Services Team provides~~ Secretarial services and administrative support are provided for all Members. These services include dealing with Members' enquiries, typing, letter monitoring, photocopying, conference attendance, stationery, IT and other support.

The A-Z of Members Services and Support fully details the services and support available to Members

~~The Members' Services team~~ Members will also be provided with administrative support for Group Secretaries and other Members in booking rooms for meetings and in the servicing of Group Rooms.

3. Signatures on Letters

Any resources supplied by the Council are for Council purposes and may not be used in whole or in part to effect public support for or to promote a political party, a candidate or group of candidates in an election or in an electoral or party political campaign.

Standards and Governance Committee on 18th October 2005 determined that Members may be permitted to generally sign their correspondence using their name, party and ward. Where Members hold a particular office or position, they may use the appropriate title, specifically Leader, Cabinet Member, Group Leader, Opposition Spokesperson, Chair or Vice-Chair of a particular committee where appropriate. No signatures should be used that aren't appropriate to the content of the correspondence. For example, if a Cabinet Member is writing regarding something that is appropriate to his/her appropriate portfolio area then it would be right and proper to sign off the correspondence with the Cabinet Member title. However when writing about a ward matter then the sign off should only be the Ward Councillor title.

If a councillor sits on a committee which is not council appointed/related then this title should not be used in any communications or sign off.

No other alternative or variation is allowed. It is important that, in the heat of political fray, Members should not use or be perceived as using public resources for political battles or to make political points. A factual statement reflecting the fact that a particular Councillor was elected to represent a particular party in a particular ward or holds a particular position within the Authority is a matter of fact and record.

In addition, where a request is made to use an electronic signature, they will not generally be utilised. If an electronic signature is essential for publications or similar reasons, then an original signature should be obtained from the Member and scanned, with the electronic signature then deleted from systems immediately after use. Officers shall not retain the electronic signature of any Member. In all other cases, the use of Members' electronic signatures shall only be used in exceptional circumstances and approved on a case-by-case basis by the ~~Solicitor to the Council~~ Head of Legal, HR and Democratic Services.

4. Multiple copies

Any resources supplied by the Council are for Council purposes and may not be used in whole or part to effect public support for or to promote a political party, a candidate or group of candidates in an election or in an electoral or party political campaign.

The principles that relate to dealing with correspondence, drafting replies to correspondence, typing and IT support for Cabinet Members will also apply to all members (see 2 above)

Standards and Governance Committee considered this issue on 18th October 2005 and ruled as follows:

- a. Where it is clear that the content is clearly direct “politicking” (see paragraph below) and/or has no discernable service related context and/or is clearly self or party promotional, regardless of numbers, the Solicitor to the Council will disallow the usage.
- b. Any letters delivered, sealed in envelopes to be posted out with the Council paying the postage will either be returned to the Councillor or opened and, if discovered to be a breach of these rules, will be the subject of a report to the Standards Board for England.
- c. ~~Whilst there is no numerical limit,~~ Democratic Services will refer any request for more than 250 letters per mail shot to the ~~Solicitor to the Council~~Head of Legal, HR and Democratic Services for consideration ~~(although any mail out over 50 will be monitored)~~ and once a single Councillor has sent out more than 1000 letters in a municipal cycle using this process, any further requests will be referred to the ~~Solicitor to the Council~~Head of Legal, HR and Democratic Services for consideration.
- d. When the ~~Solicitor to the Council~~Head of Legal, HR and Democratic Services considers that this is an abuse, the ~~Solicitor to the Council~~Head of Legal, HR and Democratic Services will rule accordingly, but the Member will have a right of appeal to a specially convened meeting of the Standards and Governance Committee (if one is not imminent).

There is a difference between “politics” and “politicking”. “Politicking” can usually be characterised and/or identified as saying what others want to hear, or promoting oneself at the expense of others, a self-serving agenda. Therefore, characteristics such as exaggeration, grand-standing, egocentric behaviour, personalisation and/or abuse of others would tend to be indicators of “politicking” which would be unacceptable in any such correspondence.

It should also be pointed out that timing will be material. During the time prior to any election – local, parliamentary, European or indeed a referendum – it is likely that a firmer line will be taken in terms of what can and cannot be said, as the perception of “politicking” and the use of public resources for political purposes is more likely to be carefully scrutinised. The Council’s Code of Conduct on Publicity, which forms an appendix to the Officer / Member Protocol, is clear that in the period of time leading up to an election, all forms of publicity – and that would include letters produced by Members and sent to constituents – must conform with additional safe-guards and requirements. Members, therefore, need to refer to that in considering the content (as well as the circulation) of any correspondence during this time.

As always, this is an issue that is predominantly one of subjective judgement and, as a result, Members may wish to seek advice on a case-by-case basis, and this is always available, in confidence, from Officers.

The Officer Scheme of Delegation has had a major overhaul to take account of the recent organisational changes, including job title changes.

The changes below are amendments to individual delegations or additional delegations to be added to the Scheme.

2.8 SENIOR MANAGER: PROPERTY, PROCUREMENT & CONTRACT MANAGEMENT

- 2.8.24 a. To approve the exchange of land with a third party where the Council's existing land value is estimated to be no more than **£300,000 (currently £50,000)**; and
- b. To approve the exchange of land with a third party where the Council's existing land value is estimated to be greater than **£300,000 (currently £50,000)** providing the consideration does not exceed **£1,000,000 (currently £500,000)**, following consultation with the relevant Cabinet Member.
- 2.8.26 To approve, under Corporate Property Standards, any major alteration, refurbishment or new project on land in which the Council has an interest providing that the proposed expenditure does not exceed **£1,000,000 (currently £500,000)**.
- 2.8.32 To approve the acceptance of tenders for land disposals, whether the highest bid or not, up to **£1,000,000 (currently £500,000)** capital (where the principle of the disposal has already been approved) or **£100,000 (currently £75,000)** per annum revenue income.
- 2.8.38 To approve the acquisition of ~~minor~~ interests in property, provided the consideration does not exceed a premium payment of **£500,000 (currently £200,000)** or **£100,000 (currently £20,000)** per annum, provided sufficient finance is available, in consultation with the relevant Cabinet Member.
- 2.8.42 To approve claims for dilapidations in respect of leasehold interests granted by the Council, or granted to the Council, provided the consideration does not exceed **£1,000,000 (currently £500,000)**, and provided sufficient finance is available.

Other Proposed additions

- 2.8.44 To advertise the proposed disposal of Public Open Space, in consultation with the Senior Manager, Streetscene and Community Safety and the relevant Cabinet Member providing any objections received are reported to Cabinet as part of any disposal decision.
- 2.8.45 To approve lettings or lease renewals at less than best consideration where the principle of letting to the organisation concerned has already been approved (by virtue of a previous letting or any other appropriate means) or where the Council is obliged to renew a letting by virtue of Landlord and Tenant legislation.
-

4.4 SENIOR MANAGER – HEAD OF WASTE & FLEET TRANSPORT

4.4.8 To take any action in relation to, or associated with the Council's LGV Operators Licences and road traffic legislation.

4.4.10 To determine the charges for the collection of trade refuse and skip hire and MOTs.

5.4 SENIOR MANAGER: CYP STRATEGIC COMMISSIONING, EDUCATION & INCLUSION

To approve the data and inflation rates used in calculating school budget shares including numbers of special unit places.

FINANCIAL PROCEDURE RULES

(The Financial Procedure Rules consist of and should be interpreted as the Council's Financial Regulations).

1. STATUS OF FINANCIAL PROCEDURE RULES

1.1 ~~1.1~~—The Council's financial procedure rules provide the framework for managing the authority's financial affairs. They apply to every Member and ~~O~~fficer of the authority and anyone acting on its behalf. These rules must be read in conjunction with the whole of the Constitution and any other Council Standards.

1.2 ~~1.2~~—The rules identify the financial responsibilities of ~~the the full Full~~ Council, ~~the the~~ Cabinet, Members and ~~O~~fficers. Chief Officers are defined for the purpose of these rules as the Chief Executive, ~~Executive Directors, and the Senior Manager Finance and IT~~ ~~two Assistant Chief Executives and Solicitor to the Council.~~ The ~~Executive Director of Resources~~ ~~Senior Manager Finance and IT~~ is the Chief Financial Officer (CFO). ~~(needs to be updated for latest reorganisation)~~

1.3 ~~1.3~~—All Members and ~~staff Officers~~ have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, ~~is~~ properly authorised, provides value for money and achieves best value.

1.4 ~~1.4~~—The CFO is responsible for maintaining a continuous review of the financial procedure rules, and may, where he/ ~~ors~~ she considers it necessary, issue revisions during the year. Where the CFO considers the revisions to be significant and material additions or changes, these will be reported to the ~~F~~ull Council for noting and/or approval. The CFO is also responsible for reporting, where appropriate, any breach of the financial procedure rules to the ~~Full~~ Council and/or to the Cabinet.

1.5 ~~1.5~~—To underpin the financial procedure rules, the CFO is responsible for issuing any relevant advice and guidance that Members, ~~O~~fficers and others acting on behalf of the authority are required to follow. Such advice and guidance will be reviewed, and amended as necessary, by the CFO.

1.6 ~~1.6~~—Chief Officers are responsible for ensuring that all staff in their departments 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. They must also ensure that an adequate number of copies are available for reference within their departments.

A: ~~A:~~ FINANCIAL MANAGEMENT

Responsibilities of the CFO

A.1 ~~A.1~~—To ensure the proper administration of the financial affairs of the authority.

A.2- To monitor compliance with the financial procedure rules.

A.3- To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority.

A.4- To advise on the key strategic controls necessary to secure sound financial management.

A.5- To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Responsibilities of Chief Officers

A.6- To promote the financial procedure rules in their departments and to monitor adherence to the standards and practices, liaising as necessary with the CFO.

A.7-7 To promote sound financial practices in relation to the standards, performance and development of staff in their departments.

Financial Accountabilities in relation to the Scheme of Revenue Virement

Explanatory Note

The overall budget is agreed by ~~the~~ the Cabinet and approved by ~~the~~ the Full Council. Chief Officers and budget managers are therefore authorised to incur net expenditure in accordance with the estimates that make up the budget for the current financial year.

The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure and income.

What is a Virement?

A virement is the:

'planned transfer of a budget for use in a different purpose to that originally intended'.

A virement does not create additional budget; it changes the purpose for which the budget will be used compared to that originally intended.

~~No virements are permitted between HRA and the GF budgets given the ring-fencing rules on the operation of the HRA. Given the need for overall financial management of the Housing Revenue Account (HRA,) the Head of Service Senior Manager for all HRA virements is the Senior Manager for Housing Services and the Chief Officer is the Director for Environment.~~

Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from virements against one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources.

Chief Officers must plan to fund such commitments from within their own budgets having regard to the overall forecast out turn for the service and the Portfolio. Any budget provided by the Full Council to meet specific pressures must be used for the identified purpose or returned to the General Fund balance.

A virement should in no circumstances be used to mask an over or under spend. The reporting of over and under spends is important so that Members have a full understanding of where spending pressures and savings opportunities may arise.

~~All virements in excess of £200,000 but less than £500,000 will be recorded in a Delegated Decision Notice and published on the forward plan.~~

For the purposes of the scheme set out below, a virement occurs when a budget is transferred from one subjective heading to another (for example, e.g. from supplies and services to transport expenditure) or from one Service Activity to another. Transfers within a subjective heading within the same Service Activity are not defined as virements.

~~Each year the CFO will publish a list of Service Activities that will apply for the following financial year are those which are set out in the budget approved by the Full Council for the coming financial year.:~~

All virements should be cleared in the first instance by the relevant accounting support for the Service Activity concerned.

~~All virements must be recorded on the Delegated Virement form and communicated to Financial Planning who shall be responsible for maintaining a register of all virements and advising Financial Planning accordingly.~~

The Scheme of Virement for General Fund Portfolios

Employee Budgets

~~Except for a limit of one one-off virement of up to £10,000 within a Service Activity, no virements are allowed from Employee budgets to Non Employee budgets without approval from Cabinet.~~

A.8 Employee Expenditure Budgets – Within a Service Activity

~~Heads of Service Senior Managers~~ and Chief Officers shall be entitled to vire any amount within and across controllable employee expenditure budgets within a Service Activity. ~~However, but except for a limit of one one-off virement of up to £10,000 within a Service Activity, no virements are allowed from Employee expenditure budgets to Non Employee expenditure budgets without approval from the Cabinet CFO.~~

A.9 Employee Expenditure Budgets – Across Service Activities or Portfolios

Chief Officers shall be entitled to vire controllable employee expenditure budgets across Service Activities or Portfolios in accordance with the rules below for Non Employee expenditure budget virements.

A.10 Non Employee Expenditure Budgets

- ~~i. No virements are allowed from non employee expenditure budgets to employee expenditure budgets, or visa versa, without approval from the CFO.~~
- ii. Heads of Service Senior Managers, following consultation with their Chief Officer and the CFO shall be entitled to vire between controllable-controllable expenditure budgets, where each individual virement does not exceed £50,000.
~~Such virements would need to be recorded locally by the Finance Support Teams.~~
- ~~i. Chief Officers following consultation with the relevant Cabinet Member and the Head of Finance CFO shall be entitled to vire between controllable expenditure budgets, where each individual virement is £50,000 or more but does not exceed £200,000. ~~Such virements would need to be recorded on the Delegated Virement form and communicated to the Financial Planning and Resources Finance Manager.~~~~
- iii. ~~Chief Officers following consultation with the relevant Cabinet Member and the Head of Finance CFO shall be entitled to vire between controllable expenditure budgets, where each individual virement is £200,000 or more but does not exceed £500,000. ~~Such virements would need to be recorded on a Delegated Decision Notice and published on the forward plan.~~~~
- iv. One-off virements between controllable expenditure budgets, where each individual virement is beyond the limit of £250,000; must be agreed by the Cabinet.

- v. The cumulative virements to or from any expenditure budget within a Service Activity should not exceed £~~2500,000~~ without the ~~consent~~ approval of the Cabinet.

A.11 Controllable Income Budgets

Controls on the use of additional controllable income are required to ensure that significant additional income is not spent without any control process in place (these rules do not apply to Grant Income and Trading Income – see separate section below). These also do not apply if additional expenditure is incurred to deliberately generate more income. Approval is required as follows:-

- i. Additional income uUp to £50,000, approval of the ~~Head of Finance~~CFO is required;
- ii. Additional income oOver £50,000, approval of the Cabinet is required.

A.12 Revenue Grant Income and Trading Income Budgets (also applies to the HRA)

Where additional grant income is received, expenditure budgets can be increased in line with the increase in grant income without any additional approval, except where the additional grant is the result of an external funding bid, and the additional grant funding is in excess of £500,000. ~~I~~—in this instance approval from the ~~C~~Cabinet report is required to accept the external bid funding ~~as it is in excess of £500,000.~~ Where additional trading income is received expenditure budgets can be varied in line with the increase in income without any additional approval.

Scheme of Virement for the HRA

Within the HRA the distinction between “controllable” and “non-controllable costs” expenditure and income budgets is not appropriate. The following virement rules therefore apply to the HRA:

A.13 Employee Expenditure Budgets

~~With the exception of one one-off virement of up to £10,000 no~~ No virements are allowed from Employee budgets to Non Employee budgets without approval from the CabinetCFO.

A.14 Non-employee Expenditure and Income Budgets

- i. No virements are allowed from non employee expenditure budgets to employee expenditure budgets, without approval from the CFO.
- ii. The Heads of ServiceSenior Manager following consultation with their Chief Officer and CFO shall be entitled to agree individual virements of up to £50,000.

iii. Chief Officers following consultation with the relevant Cabinet Member and the Head of FinanceCFO shall be entitled to agree individual virements of between £50,000 and £200,000.

~~Chief Officers following consultation with the relevant Cabinet Member and the Head of FinanceCFO shall be entitled to agree individual virements of between £200,000 and £500,000. Such virements would need to be recorded on a Delegated Decision Notice and published on the forward plan.~~

iv. One-off virements, where each individual virement is beyond the limit of £200,000 must be agreed by the Cabinet.

~~One-off virements beyond the limit of £500,000, must be agreed by the Cabinet.~~

v. The cumulative virements to or from any budget should not exceed £2500,000 without the consentapproval of the Cabinet.

vi. Any virements that are made to or from budgets which, if they were in the General Fund, would be regarded as non-controllable budgets can only be made following consultation with the relevant Senior Manager for the service concerned.

The HRA contingency and revenue balance is defined as a “non-employee” budget. However, any virements from the HRA revenue balance that would reduce the level of balances below the minimum level set by the CFO in the HRA budget and business plan report can only be approved by the CabinetFull Council.

Financial Accountabilities in Relation to the Treatment of Year-end Balances

Responsibilities of the CFO

A.153 To administer the scheme of carry-forward within the guidelines approved by the ~~the~~ Full Council.

A.164 To report all under spendings on service estimates carried forward to the ~~the~~ Full Council for approval.

Responsibilities of Chief Officers

A.179 Any over spendsing will be reported by the CFO to the ~~the~~ Cabinet and to the ~~the~~ Full Council.

A.1820- Under spendings on specific estimates may be carried forward within guidelines issued by the CFO, subject to the approval of the Full Council.

~~AA.21-9~~ All internal business unit surpluses shall be retained within balances for the benefit of the authority.

A.202- Schools' balances shall be available for carry-forward to support the expenditure of the school concerned. Where an unplanned deficit occurs, the governing body shall prepare a detailed financial recovery plan for consideration by the Cabinet Member concerned, following evaluation by the relevant Chief Officer and the CFO. Schools will normally be expected to agree a plan to recover the deficit within a defined period.

A.213- In exceptional circumstances, schools may seek to incur expenditure to be financed by anticipating the following year's budget share. Such arrangements require the prior approval of the Cabinet. Proposals shall be accompanied by a detailed plan setting out how the arrangement is to be accommodated as the first call on the reduced budget share.

Financial Accountabilities in Rrelation to Accounting Policies

Responsibilities of the CFO

A.224- To select suitable accounting policies, and to ensure that they are applied consistently. The accounting policies are set out in the Financial Sstatements-of accounts, which is-are prepared at 31 March each year, and covers such items as:

- ~~(a)~~ (a) — Separate accounts for capital and revenue transactions
- ~~(b)~~ (b) — The basis on which debtors and creditors at year-end are included in the accounts
- ~~(c)~~ (c) — Details on substantial provisions and reserves
- ~~(d)~~ (d) — Fixed assets
- ~~(e)~~ (e) — Depreciation
- ~~(f)~~ (f) — Capital charges
- ~~(g)~~ (g) — Work in progress
- ~~(h)~~ (h) — Stocks and stores
- ~~(i)~~ (i) — Deferred charges
- ~~(j)~~ (j) — Accounting for value added tax
- ~~(k)~~ (k) — Government grants
- ~~(l)~~ (l) — Leasing
- ~~(m)~~ (m) — Ppensions-

Responsibilities of Chief Officers

A.235- To adhere to the accounting policies and guidelines approved by the CFO.

Financial Accountabilities in relation to Accounting Records and Returns

Responsibilities of the CFO

- A.246- To determine the accounting procedures and records for the authority. Where these are maintained outside the finance department, the CFO should consult the Chief Officer concerned.
- A.257- _____ To arrange for the compilation of all accounts and accounting records under his or her direction.
- A.286- To comply with the following principles when allocating accounting duties:
- (a) ~~(a)~~ Separating the duties of providing information about sums due to or from the authority and calculating, checking and recording these sums from the duty of collecting or disbursing them
 - ~~(b)~~ E
 - (b) ~~(b)~~ employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- A.279- To make proper arrangements for the audit of the authority's accounts in accordance with the Accounts and Audit Regulations 2011.03.
- A.3028- To ensure that all claims for funds including grants are made by the due date.
- A.2931- To prepare and publish the ~~audited draft~~ accounts of the authority for each financial year, in accordance with the statutory timetable, which is currently 30 June. ~~and W~~with the requirement for the Full Council Standards and Governance Committee ~~it to~~ approve the statement of accounts audited Financial Statements by the dates set out in the Accounts and Audit Regulations which is currently the 30th June~~September. These dates are 30th September 2003, 31st August 2004, 31st July 2005 and 30th June 2006. The 30th June will apply from 2006 onwards.~~
- A.320- To administer the authority's arrangements for under spends to be carried forward to the following financial year.
- A.313- To ensure the proper retention of financial documents in accordance with the requirements set out in the authority's document retention schedule.

Responsibilities of Chief Officers

- A.324 To consult and obtain the approval of the CFO before making any changes to accounting records and procedures.
- A.335 To comply with the principles outlined in paragraph A.2640- when allocating accounting duties.
- A.346 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- A.357 To supply information required to enable the Financial Statements of accounts to be completed in accordance with guidelines issued by the CFO.

Financial Accountabilities in relation to ~~t~~The Annual Financial Statements of Accounts

Responsibilities of the CFO

- A.368 To select suitable accounting policies and to apply them consistently.
- A.379 To make judgements and estimates that are reasonable and prudent.
- A.40-38 To comply with the Statement of Recommended Practice (SORP).
- A.3941 To sign and date the ~~statement of accounts~~Financial Statements, stating that ~~they~~it present a true and fair/fairly view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 20XX.*.
- A.420 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

Responsibilities of Chief Officers

- A.413 To comply with accounting guidance provided by the CFO and to supply the CFO with information when required.

B: FINANCIAL PLANNING

Responsibilities of the CFO

- B.1- To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
- B.22- To contribute to the development of corporate and service targets and objectives and performance information.

Responsibilities of Chief Officers

- B.33- To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.
- B.44 To ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.
- B.5- To contribute to the development of performance plans in line with statutory requirements.
- B.6- To contribute to the development of corporate and service targets and objectives and performance information.

THE BUDGET

Format of the Budget

Responsibilities of the CFO

- B.7- To advise the Cabinet and opposition groups on the format and content of the budget that is to be approved by the Full Council. This includes providing a commentary on the robustness of the estimates made for the purpose of the calculations (to set the Council Tax), and the adequacy of the proposed level of reserves, as required by Section 25 of the Local Government Act 2003.

Responsibilities of Chief Officers

- B.8- To comply with accounting guidance provided by the CFO.

Revenue Budget Preparation, Monitoring and Control

Responsibilities of the CFO

B.9- For the General Fund, ~~T~~to ensure that an annual revenue budget together with a three year overview is prepared on an annual basis for consideration and recommendation by the Cabinet, before submission to the Full Council. The Chief Financial Officer~~CFO~~ will also prepare the indicators required as part of the Prudential Code. The Full Council may amend the budget and Prudential Indicators or ask the Cabinet to reconsider them before approving it.

~~x.xx~~B.10 For the Housing Revenue Account~~HRA,~~ to ensure that a 30 year business plan is produced which covers revenue and capital spending. With regard to the revenue budget, there must be a detailed budget for the forthcoming financial year for consideration and recommendation by the Cabinet, before submission to the Full Council. The Chief Financial Officer~~CFO~~ will also prepare the indicators required as part of the Prudential Code. The Full Council may amend the budget and Prudential Indicators or ask the Cabinet to reconsider them before approving it. The 30 year business plan should also be presented to the Cabinet and the Full Council as part of the budget report.

B.10-11 To establish an appropriate framework of budgetary management and control that ensures:

~~(a)~~ (a)—~~B~~udget management is exercised within annual cash limits unless the Full Council agrees otherwise

~~(b)~~ (b)—~~E~~ach Chief Officer has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities

~~(c)~~ (c)—~~E~~xpenditure is committed only against an approved budget head

~~(d)~~ (d)—~~A~~ll officers -managers responsible for committing expenditure comply with relevant guidance, and the financial procedure rules

~~(e)~~ (e)—~~E~~ach cost centre has a single named manager, determined by the relevant Chief Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure

~~(f)~~ (f)—~~S~~ignificant variances from approved budgets are investigated and reported by budget managers regularly.

B.12~~1~~ To administer the authority's scheme of revenue virement.

B.13~~2~~ To submit reports to the Cabinet and if necessary to the Full Council, following consultation with the relevant Chief Officer, where a Chief Officer is unable to balance expenditure and resources within existing approved budgets under his or ~~or~~ her control.

B.14~~3~~ To prepare and submit reports to the Cabinet on the authority's projected income and expenditure compared with the budget on a regular basis.

Responsibilities of Chief Officers

- B.154 To ensure that budget estimates reflecting agreed service plans are produced in consultation with the Cabinet Member and submitted to the ~~Chief Financial Officer~~CFO in accordance with the budget timetable and the guidance issued for the production of budget reports to the Cabinet and ~~the Full Council~~.
- B.165 To maintain budgetary control within their departments, in adherence to the principles in B.1149, and to ensure that all income and expenditure are properly recorded and accounted for.
- B.176 To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the ~~C~~chief ~~O~~fficer (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- B.187 To ensure that spending remains within the service's overall cash limit and that individual budget heads are not over_spent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- B.198 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget, and that this process is operating effectively.
- B.1920 To prepare following consultation with the CFO reports on the service's projected expenditure compared with its budget, in accordance with the Council's Corporate Monitoring procedure and timetable.
- B.210 To ensure prior approval by the Full Council or the Cabinet (as appropriate) for new proposals, of whatever amount, that:
- (a) ~~(a)~~ Create financial commitments in future years
 - (b) ~~(b)~~ Change existing policies, initiate new policies or cease existing policies
 - (c) Materially extend or reduce the authority's services.

The report on new proposals should explain the full financial implications, after consultation with the CFO. Unless the Full Council or the Cabinet has agreed otherwise, Chief Officers must plan to contain the financial implications of such proposals within their cash limit

- B.212 To ensure compliance with the scheme of virement.

B.223-To agree with the relevant Chief Officer where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or Chief Officer's level of service activity.

Capital Budget Preparation, Monitoring and Control

Responsibilities of the CFO

B.24 To ensure that the Capital Programme is presented to the Full Council as part of the budget and at such other times as the CFO may determine. The CFO will determine the period to be covered by the General Fund Capital Programme. The HRA capital spending plans will be included in summarised form in the 30 year HRA business plan that will be reported to the Full Council as part of the budget report. The CFO will determine the period that should be covered by the detailed HRA Capital Programme.

~~B.25 To administer the authority's scheme of capital virement.~~

Explanatory Note

Capital ProgrammesThe Council has a two stage approach to deciding its capital spending. An item of spending must first be included in (added to) the Councils Capital Programme, but this does not provide authority to proceed with the scheme. This is done via a separate "scheme approval" process.

Expenditure included in the Capital Programme may relate to a specific project for example, "Communal works at Ventnor Court", or may make provision for certain types or areas of spending for example, "Future communal area works". However, a "scheme approval" report must relate to a specific project and contain the information specified by the CFO (as a minimum).

Expenditure included in the Capital Programme must show the total value of contracts and related expenses that the council will incur. Any grants or other income must be shown as a source of capital finance and not as a reduction to the gross expenditure.

Addition of Schemes to the Capital Programme

B.2563 Any new scheme where the total scheme cost does not exceed £500,000 that is ENTIRELY funded by scheme specific, ring fenced external sources can be added to the Capital Programme by the relevant Chief Officer following consultation with the Cabinet Member, Policy Co-ordinator and the CFO. The Chief Officer, following consultation with the Cabinet Member and the CFO, may also increase the budget for any existing scheme by up to £500,000 where the funding comes ENTIRELY from scheme specific external sources.

B.2674 Any new scheme where the total scheme cost exceeds £500,000 that is ENTIRELY funded by scheme specific, ring fenced -external sources can be

added to the Capital Programme by the Cabinet and since they will qualify as key decisions, will also need to be included in the forward plan. Cabinet may also increase the budget for any existing scheme by a sum that exceeds £500,000 where the funding comes ENTIRELY from scheme specific external sources.

B.2785 Any new scheme utilizing existing scheme specific, ring fenced funding from the City Council may be added to the Capital Programme by the relevant Chief Officer following consultation with the relevant Cabinet Member and the CFO and Policy Co-ordinator provided that this is consistent with their originally intended use.

B.2896 Any scheme requiring up to £200,000 of new funding from the City Council can be added to the Capital Programme by the CFO following consultation with the Cabinet Member with responsibility for financial matters and the relevant Chief Officer and Cabinet Member providing there is sufficient capital funding available and there is no material change in the revenue implications of the scheme. —Any such additions should be highlighted as part of the formal update of the Capital Programme submitted to the Full Council twice a year.

B.293027 Any scheme requiring over £200,000 but less than £500,000 of new funding from the City Council can be approved by the Cabinet providing there is sufficient capital funding available and there is no material change in the revenue implications of the scheme. Any such additions should be highlighted as part of the formal update of the Capital Programme submitted to the Full Council twice a year. New funding includes additional borrowing by the Council, except for supported borrowing approvals below £200,000.

B.304 Any scheme requiring over more than –£500,000 of new fFunding from the City Council will require approval by the Ffull Council.

B.31 Additions requiring new funding from the City Council, –New funding includes additional borrowing by the Council, except for supported borrowing approvals below £200,000, including those funded from non ring fenced external sources, will be considered and prioritised following guidance issued by the CFO.

Approval of Capital Schemes

Explanatory Note

Approval for capital spending may only be sought for schemes that are already in the Ccapital Pprogramme.

Where the scheme in the eCapital Pprogramme relates to a single project then it is the value of that project that determines which of the decision routes set out in paragraph B.32 should apply. Where the Ccapital Pprogramme contains provision for a certain type or area of spending then it may be appropriate to get scheme approval for part of the sum included in the programme. It is the value of the spending for which approval is being sought that determines which decision route should apply. The minimum

information to be included in a scheme approval report will be specified in guidance by the CFO. (Appendix 1).

B.3228 The basis for approving schemes, including credit arrangements such as Finance Leases, that are included in the approved ~~Ce~~apital ~~Pp~~rogramme is:

- ii. Schemes already in the ~~Ce~~apital ~~Pp~~rogramme up to the value of £200,000 can be approved by the relevant Chief Officer ~~and Policy Co-ordinator~~ following consultation with the relevant Cabinet Member and the CFO, subject to the relevant details (as defined in guidance provided by the CFO) being provided in the form of a written briefing note or report.
- iii. Schemes already in the ~~Ce~~apital ~~Pp~~rogramme costing £200,000 or more but less than £500,000 will require scheme approval by the relevant Chief Officer ~~and Policy Co-ordinator~~ following consultation with the relevant Cabinet Member and the CFO, subject to the relevant details (as defined in guidance provided by the CFO) being provided in the form of a written briefing note or report. These decisions will need to be recorded on a Delegated Decision Notice and published on the Officer Forward Plan. Where there are approvals in the programme for which there are block allocations, for example New Deal for Schools or a replacement roofs programme these may be treated as a single scheme, but any individual projects within that scheme costing between £200,000 and £500,000 will need to be separately identified in the request for approval. The allocation of spending within these blocks must be made within policies or strategies already agreed by the Full Council.
- iii. Schemes over £500,000 in value will need scheme approval from the Cabinet.
- iv. The costs for schemes that have already received formal scheme approval by the Cabinet may be varied up or down by the relevant Chief Officer following consultation with the relevant Cabinet Member without requiring further scheme approval as long as the variation in costs complies with these financial procedure rules ~~and is within tolerances set out in the Scheme Approval Report / Project Initiation Document~~ and as long as the scope and design of the project, in the opinion of the Chief Officer in consultation with the CFO, remains largely unchanged from the original approval.
- v. Schemes already added to the ~~Ce~~apital ~~Pp~~rogramme may spend up to £50,000 or ten per cent of the scheme budget, whichever is the lesser, with the approval of the relevant Chief Officer following consultation with the relevant Cabinet Member in advance of approval to spend on the scheme for the purpose of feasibility work, scheme design and costing. Schemes requiring significant feasibility or design works should be progressed on the basis that the feasibility works are a separate scheme in their own right.

Variation of Capital Expenditure

- B.29-33 For the purposes of this section "Variation of Capital Expenditure" a scheme is defined as either an individual project that stands alone in its own right or a programme of works consisting of a number of projects. For example a "Scheme" might be described as "Principal Roads" and the "Projects" would be each individual road (e.g. Principal Roads) and a project is defined as an individual item that is either part of a larger scheme or stands alone in its own right.
- B.340 A Chief Officer following consultation with the relevant Cabinet Member and the CFO may transfer any sum between projects within a scheme providing that the CFO is satisfied that there will be no material change in the revenue implications arising from the transfer.
- B.354 A Chief Officer following consultation with the relevant Cabinet Member and the CFO, may transfer up to £200,000 between schemes in the Ceapital Pp programme providing that the CFO is satisfied that there will be no material change in the revenue implications arising from the transfer and as long as the expenditure is in line with policies and strategies already agreed by the Full Council.
- B.362 Transfers between schemes in the Ceapital Pp programme from £200,000 up to £500,000 can be approved by the relevant Chief Officer following consultation with the relevant Cabinet Member and the CFO as long as the expenditure is in line with policies and strategies already agreed by the Full Council. These decisions will need to be recorded on a Delegated Decision Notice and published on the Officer Forward Plan.
- B.373 Transfers between schemes in the Ceapital Pp programme of £500,000 or more must be approved by the Cabinet as long as the expenditure is in line with policies and strategies already agreed by the Full Council
- ~~B.34 A Chief Officer following consultation with the relevant Cabinet Member and the CFO may transfer up to £200,000 between projects in the capital programme providing that the CFO is satisfied that there will be no material change in the revenue implications arising from the transfer and as long as the expenditure is in line with policies and strategies already agreed by Council.~~
- ~~B.35 Transfers between projects in the capital programme from £200,000 up to £500,000 can be approved by Cabinet as long as the expenditure is in line with policies and strategies already agreed by Council.~~
- ~~B.36 Transfers between projects in the capital programme of £500,000 or more must be approved by Council.~~
- B.387 Any transfer between schemes or projects within the Ceapital Pp programme that are not in line with policies and strategies already agreed by the Full Council will need the Full Council approval.

B.398 Any variations to the Capital Programme actioned under the rules above should be carried out in line with guidance issued by the CFO and highlighted as part of the formal update of the Capital Programme submitted to [the Full Council](#) twice a year.

Responsibilities of the CFO

B.4039 To prepare annual capital estimates jointly with Chief Officers and the ~~head of paid service~~[Chief Executive](#) and to report them to the Cabinet ~~and the Full Council~~ for approval. The Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the Full Council.

B.41 Any additional unsupported borrowing above the sums agreed under B.40 must be approved by the Full Council. Approval of the CFO is required where a chief officer proposes to bid for or exercise additional borrowing approval not anticipated in the capital programme. This is because the extra borrowing may create future commitments to financing costs.

B.42 To administer the authority's scheme of virement, maintaining the rules that will apply for obtaining "scheme approval" and for variations to capital spending and issuing such guidance on the operation of those rules as may be required.

~~B.430~~ To prepare and submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates.

~~B.441~~ To issue guidance that may be updated from time to time on the management and monitoring of the ~~C~~capital ~~P~~programme and requirements in respect of all aspects of the Council's project management methodology (PM Connect). The definition of 'capital' will be determined by the CFO, having regard to government regulations and accounting requirements.

B.452 To approve, following consultation with the ~~Solicitor to the Council~~[Senior Manager Legal, HR and Democratic Services](#) and the Cabinet Member with responsibility for financial matters, any addition to the ~~C~~capital ~~P~~programme or capital expenditure which in the opinion of the CFO is in the best interests of the Council.

Responsibilities of Chief Officers

~~B.463~~ To comply with all guidance issued by the CFO.

~~B.474~~ To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the CFO.

B.48 To obtain the necessary "scheme approvals" before commencing expenditure on a scheme.

- ~~B.45 To prepare regular reports reviewing the capital programme provisions for their services in accordance with the Corporate Monitoring Timetable for submission to the CFO.~~
- B.496 To ensure that adequate records are maintained for all capital contracts.
- ~~B.47 To prepare and submit reports, jointly with the CFO, to the Cabinet, on completion of all contracts where the final expenditure exceeds the approved contract sum or overall scheme cost by more than 10% or £25,000 which ever is the higher, including where the additional spend was funded from.~~
- ~~B.48 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the CFO and, if applicable, approval of the scheme through the capital programme.~~
- ~~B.49 To consult with the CFO and relevant Cabinet Member where the chief officer proposes to bid for any capital resources issued by government departments that has not been included in the latest update of the capital programme~~
- B.50 To ensure that budget estimates reflecting agreed service plans are produced in consultation with the Cabinet Member and submitted to the CFO in accordance with the budget timetable and the guidance issued for the production of budget reports to the Cabinet and the Full Council.
- B.51 To maintain budgetary control within their departments, in adherence to the principles in B.11, and to ensure that all income and expenditure are properly recorded and accounted for.
- B.52 To ensure that an accountable budget manager is identified for each capital project and for the delivery of capital receipts and other items of capital income directly related to a project. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- B.53 To ensure that spending remains within the approved budget by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- B.54 To prepare following consultation with the CFO reports on the service's projected expenditure compared with its budget, in accordance with the Council's Corporate Monitoring procedure.
- B.55 To prepare and submit reports, jointly with the CFO, to the Cabinet, on completion of all contracts where the final expenditure exceeds the approved contract sum or overall scheme cost by more than 10 per cent or £50,000 which ever is the higher, including where the additional spend was funded from.

B.56 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the CFO and, if applicable, approval of the scheme through the Capital Programme.

B.57 To consult with the CFO and relevant Cabinet Member where the Chief Officer proposes to bid for any capital resources issued by government departments that has not been included in the latest update of the Capital Programme.

Variation to the HRA Business Plan

Explanatory Note

The HRA now has a 30 year business plan that will be approved each year by the Full Council as part of the budget. The business plan covers capital and revenue spending and income and forms part of the Policy Framework.

The revenue virement rules deal with in-year changes but by definition, they do not cover situations where there are financial implications beyond one year.

The capital virement rules cover the movement of funds between schemes. The rephasing of spending within a capital scheme is not regarded as a virement but care must be taken to ensure that the cumulative effect of such changes does not increase the overall spending in any one year such that additional prudential borrowing is needed over the levels agreed by the Full Council, (in which case a report would need to be presented to Council to approve the additional borrowing).

It is however possible for matters to arise in-year that would have an impact on the 30 year business plan. In these circumstances the following amendment limits apply:

B.58 A Chief Officer following consultation with the relevant Cabinet Member and the CFO can approve a change in the annual business plan surplus of up to £200,000 in any one year providing the change is in line with policies and strategies already agreed by the Full Council. This is subject to the 30 year impact on the cumulative surplus not exceeding £2.5M or 5 per cent of the cumulative surplus, whichever is the lower, and the level of balances in any one year not being reduced below the minimum level set by the CFO.

B.59 A Chief Officer following consultation with the relevant Cabinet Member and the CFO can approve a change in the annual business plan surplus of up to £500,000 in any one year providing the change is in line with policies and strategies already agreed by the Full Council. This is subject to the 30 year impact on the cumulative surplus not exceeding £5.0M or 7.5 per cent of the cumulative surplus, whichever is the lower, and the level of balances in any one year not being reduced below the minimum level set by the CFO. Such changes would need to be recorded on a Delegated Decision Notice and published on the Officer Forward Plan.

- B.60 Approval from the Cabinet is required for any change in the annual business plan surplus of in excess of £500,000 in any one year providing the change is in line with policies and strategies already agreed by the Full Council. This is subject to the 30 year impact on the cumulative surplus not exceeding £10.0M or 10 per cent of the cumulative surplus, whichever is the lower.
- B.61 Any change in the cumulative business plan surplus in excess of £10.0M or 10 per cent of the cumulative surplus, or any change which is not in line with the policies and strategies already agreed by the Full Council, must be approved by the Full Council.

C: RISK MANAGEMENT AND CONTROL OF RESOURCES

Risk Management

Responsibilities of the CFO

- C.1- To prepare and promote the authority's risk management policy statement.
- C.2- To develop risk management controls in conjunction with other Chief Officers.
- C.3- To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.
- C.4- To offer insurance cover to schools, in accordance with Fair Funding arrangements.
- C.5- To advise the Cabinet on proper insurance cover where appropriate, and effect corporate insurance cover, through external insurance and internal funding.

Responsibilities of Chief Officers

- C.6- To notify the CFO immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the CFO or the authority's insurers.
- C.7- To take responsibility for risk management, having regard to advice from the CFO and other specialist ~~Officers~~, for example, (e.g. crime prevention, fire prevention, health and safety).
- C.8- To ensure that there are regular reviews of risk within their departments.
- C.9- To notify the CFO promptly of all new risks, properties or vehicles that require insurance and of any alterations or new initiatives affecting existing insurances.
- C.10- To consult the CFO and where appropriate the Senior Manager Legal, HR and Democratic Services~~head of legal services~~ on the terms of any indemnity that the authority is requested to give.
- C.11- To 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.

Internal Control

Responsibilities of the CFO

C.12- To assist the authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

Responsibilities of Chief Officers

- C.13- To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and financial performance targets, and management of risks.
- C.14- To review existing controls in the light of changes affecting the authority and to establish and implement new ones in line with guidance from the CFO. Chief Officers should also be responsible for removing controls that are unnecessary or not cost or risk effective, for example, because of duplication.
- C.15- To ensure staff have a clear understanding of the consequences of lack of control.

Audit requirements – Internal Audit

Responsibilities of the CFO

- C.16- To ensure that internal auditors have the authority to:
- (a) ~~(a)~~ Access authority premises at reasonable times
 - (b) ~~(b)~~ Access all assets, records, documents, correspondence and control systems
 - (c) ~~(c)~~ Receive any information and explanation considered necessary concerning any matter under consideration
 - (d) ~~(d)~~ Require any employee of the authority to account for cash, stores or any other authority asset under his or her control
 - (e) ~~(e)~~ Access records belonging to third parties, such as contractors, when required
 - (f) ~~(f)~~ Directly access the ~~H~~ead of ~~P~~aid ~~S~~ervice, the Cabinet and Overview and Scrutiny Management Committee
- C.17- To approve the strategic and annual audit plans prepared by the ~~Senior Manager Internal Audit~~, Risk and ~~Assurance~~audit ~~Manager~~, which take account of the characteristics and relative risks of the activities involved.
- C.18- To ensure that effective procedures are in place to investigate promptly any suspected fraud or irregularity.

Responsibilities of Chief Officers

- C.19- To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.

- C.20- To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- C.21- To consider and respond promptly to recommendations in audit reports.
- C.22- To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- C.23- To notify the CFO immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the authority's property or resources. Pending investigation and reporting, the Chief Officer should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- C.24- To ensure new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Senior Manager, Internal Audit, Risk and Audit Manager and Assurance prior to implementation.

Audit Requirements - External Audit

Responsibilities of the CFO

- C.25- To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
- C.26- To ensure there is effective liaison between external and internal audit.
- C.27- To work with the external auditor and advise the Full Council, the Cabinet and Chief Officers on their responsibilities in relation to external audit.

Responsibilities of Chief Officers

- C.28- To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- C.29- To ensure that all records and systems are up to date and available for inspection.

Preventing fraud and corruption

Responsibilities of the CFO

- C.30- To develop and maintain an anti-fraud and anti-corruption policy.

C.31- To maintain adequate and effective internal control arrangements.

C.32- _____To ensure that all suspected irregularities are reported to the [Senior Manager Internal Audit, Risk and Assurance](#)~~Risk and Audit Manager~~.

Responsibilities of Chief Officers

C.33- To ensure that all suspected irregularities are reported to the [Senior Manager Internal Audit, Risk and Assurance](#)~~Risk and Audit Manager~~.

C.34- To invoke the authority's disciplinary procedures where the outcome of an investigation indicates improper behaviour.

C.35- To ensure that where financial impropriety is discovered, the CFO is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.

C.36- To maintain a departmental register of interests.

Assets - Security

Responsibilities of the CFO

C.37- To ensure that an asset register is maintained in accordance with good practice for all fixed assets whose value is material in the manner prescribed by CIPFA in the Institute's Practical Guide to Asset Registers. The function of the asset register is to provide the authority with information about fixed assets so that they are safeguarded, used efficiently and effectively, and [are](#) adequately maintained.

C.38- To receive the information required for accounting, costing and financial records from each [Chief Officer](#).

C.39- To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA / LASAAC).

Responsibilities of Chief Officers

C.40- The appropriate [Chief Officer](#) shall maintain a property database in a form approved by the CFO for all properties, plant and machinery and moveable assets currently owned or used by the authority. Any use of property by a department or establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.

- C.41- To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the appropriate Chief Officers has been established.
- C.42- To ensure the proper security of all buildings and other assets under their control.
- C.43- Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the appropriate Chief Officers
- C.44- To pass title deeds to the appropriate Chief Officer who is responsible for custody of all title deeds.
- C.45- To ensure that no authority asset is subject to personal use by an employee without proper authority.
- C.46- To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the authority. If an asset requires to be moved, altered, or disposed of check that the asset has not been leased or that any lease conditions are complied with.
- C.47- To ensure that the department maintains a register of moveable assets in accordance with arrangements defined by the CFO.
- C.48- To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- C.49- To consult the CFO in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- C.50- To ensure cash holdings on premises are kept to a minimum.
- C.51- To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the CFO as soon as possible.
- C.52- To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the CFO, the relevant Cabinet Member, the Cabinet or the Full Council (as appropriate) agrees otherwise.
- C.53- To arrange for the valuation of assets for accounting purposes to meet requirements specified by the CFO.
- C.54- To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or

may possess some intrinsic value, and its disclosure or loss could result in a cost to the authority in some way.

- C.55- To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above £200 in value.
- C.56- To carry out an annual check of all items on the inventory in order to verify location, review, condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the authority.
- C.57- To make sure that property is only used in the course of the authority's business, unless the [Chief Officer](#) concerned has given permission otherwise.
- C.58- To make arrangements for the care and custody of stocks and stores in the department.
- C.59- To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- C.60- To investigate and remove from the authority's records (i.e.— write off) discrepancies as necessary, or to obtain Cabinet approval if they are in excess of a predetermined limit.
- C.61- To authorise or write off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless, following consultation with the CFO, the Cabinet decides otherwise in a particular case.
- C.62- To seek Cabinet approval to the write-off of redundant stocks and equipment in excess of a predetermined sum.
- C.63- To ensure that, in the event of any disaster, contingency plans for the security of assets and continuity of service or system failure are in place.

Assets - Disposal

Responsibilities of the CFO

- C.64- To issue guidelines representing best practice for disposal of assets.
- C.65- To ensure appropriate accounting entries are made to remove the value of disposed assets from the authority's records and to include the sale proceeds if appropriate.

Responsibilities of Chief Officers

- C.66- To dispose of surplus or obsolete materials, stores or equipment in accordance with the guidelines issued by the CFO.
- C.67- To ensure that income received for the disposal of an asset is properly banked and coded.

Treasury Management

All financial transactions actioned as part of the Council's Treasury Management function will be undertaken in line with the approved Treasury Management Strategy, but will fall outside of the Delegated Decision Notice process.

Responsibilities of CFO

- C.68- To arrange the borrowing and investments of the authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's treasury management policy statement and strategy.
- C.69- To report a proposed treasury management strategy for the coming financial year to the Full Council at, or before the start of, each financial year.
- C.70- To report to ~~the~~ the Full Council not less than 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. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.
- C.71- To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the CFO, ~~Head of Finance~~ or Head of Accountancy/Senior Manager Finance.
- C.72- To 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.
- C.73- To ensure that all securities that 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 appropriate Cehief Officer.
- C.74- To affect all borrowings in the name of the authority.
- C.75- To act as the authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the authority.

Responsibilities of Chief Officers

- C.76- To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval, following consultation with the CFO, of the Full Council or the Cabinet as appropriate, subject to the criterion as detailed in E.8A9, ~~following consultation with the CFO.~~
- C.77- To arrange for all trust funds to be held, wherever possible, in the name of the authority. All Officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with CFO, unless the deed otherwise provides.
- C.78- To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the CFO, and to maintain written records of all transactions.
- C.79- To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.
- C.80- To follow the instructions on banking issued by the CFO.

Staffing

Responsibilities of the CFO

- C.81- To act as an advisor to Chief Officers on areas such as national insurance and pension contributions, as appropriate.

Responsibilities of Chief Officers

- C.82- To produce an annual staffing estimate within the budget allocation available.-
- C.83- To advise the CFO and the ~~Head of Human Resources~~Senior Manager Legal, HR and Democratic Services if the budget allocation is insufficient to cover the estimated staffing levels.
- C.84- To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training , temporary staff and vacancy management.
- C.85- To ensure that the staffing budget is not exceeded without due authority, adjusting staffing to a level that can be funded within approved budget provision, and varying the provision as necessary within that constraint in order to meet changing operational needs.

- C.86- To ensure that the Senior Manager Legal, HR and Democratic Services head of human resources and the CFO are immediately informed if the staffing budget is likely to be materially over- or under_spent.
- C.87- To ensure the proper use of appointment procedures and manage the staffing establishment in line with guidance issued by the CFO and the Senior Manager Legal, HR and Democratic Services.

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D: SYSTEMS AND PROCEDURES

General

Responsibilities of the CFO

- D.1- To make arrangements for the proper administration of the authority's financial affairs, including to:
- ~~(a)~~ ~~(a)~~ — ~~I~~ssue advice, guidance and procedures for ~~O~~fficers and others acting on the authority's behalf
 - ~~(b)~~ ~~(b)~~ — ~~D~~etermine the accounting systems, form of accounts and supporting financial records
 - ~~(c)~~ ~~(c)~~ — ~~E~~stablish arrangements for audit of the authority's financial affairs
 - ~~(d)~~ ~~A~~(~~d~~) — ~~a~~pprove any new financial systems to be introduced
 - ~~(e)~~ ~~(e)~~ — ~~A~~pprove any changes to be made to existing financial systems.

Responsibilities of Chief Officers

- D.2- To ensure that accounting records are properly maintained and held securely.
- D.3- To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the CFO.
- D.4- To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- D.5- To incorporate appropriate controls to ensure that, where relevant:
- ~~(a)~~ ~~(a)~~ — ~~A~~ll input is genuine, complete, accurate, timely and not previously processed
 - ~~(b)~~ ~~A~~(~~b~~) — ~~a~~ll processing is carried out in an accurate, complete and timely manner
 - ~~(c)~~ ~~(c)~~ — ~~O~~utput from the system is complete, accurate and timely.
- D.6- To ensure that the organisational structure provides an appropriate segregation of duties, an adequate level of internal control, and that the risk of fraud or other malpractice is minimised.
- D.7- To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- D.8- To ensure that systems are documented and staff trained in operations.

- D.9- To consult with the CFO before changing any existing system or introducing new systems.
- D.10- To establish a scheme of delegation identifying ~~Off~~ officers authorised to act upon the ~~C~~ Chief ~~O~~ officer's behalf, or on behalf of the Cabinet, in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- D.11- Where relevant, to supply lists of authorised ~~O~~ officers, with specimen signatures and delegated limits, to the CFO, together with any subsequent variations.
- D.12- To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems are in place. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- D.13- To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
- D.14- To ensure that the authority's ~~IS~~ IT Standards issued by the appropriate ~~chief officer~~ Senior Manager are observed, and that in particular all computerised data, computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- D.15- To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- ~~(a)~~ (a) — ~~O~~ Only software legally acquired and installed by the authority is used on its computers
 - ~~(b)~~ (b) — ~~S~~ Staff are aware of legislative provisions
 - ~~(c)~~ (c) — ~~I~~ In developing systems, due regard is given to the issue of intellectual property rights.

Income

Responsibilities of the CFO

- D.16- To agree arrangements for the collection of all income due to the authority, and to approve the procedures, systems and documentation for its collection.
- D.17- To provide advice to Chief Officers on the statutory regulations which relate to the collection and accounting of income.

- D.18- To assess and approve the form of receipt books and receipting machines used by "accounting ~~Q~~officers".
- D.19- To undertake weekly reconciliations of all deposits to the Collection and Deposit book and Cash book.
- D.20- To provide an accounting system which records income and provides relevant information to Chief Officers so that income can be monitored.
- D.21- To maintain a Value Added Tax (VAT) account and supply ~~Customs and Excise~~HM Revenues & Customs (HMRC) with such details, explanations and statutory returns as required.
- D.22- To provide a system for the collection and control of credit income, and of sundry debts.
- D.23- To create, monitor and maintain a provision for bad and doubtful debts.
- D.24- To annually review the policy for writing off debts and the terms of credit. The Cabinet is responsible for approving the procedures for writing off debts as part of the overall control framework of accountability and control.

Responsibilities of Chief Officers

- D.25- To establish proposals for a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.
- D.26- To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- D.27- To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- D.28- To issue official receipts or to maintain other documentation for income collection.
- D.29~~9~~ To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- D.30- To hold securely receipts, tickets and other records of income for the appropriate period.
- D.31- To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- D.32~~2~~ To ensure that income is paid fully and promptly into the appropriate authority bank account in the form in which it is received. Appropriate details should be

recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account –and the ledger system on a regular basis appropriate to the level of transactions.

- D.33- To ensure income is not used to cash personal cheques or other payments.
- D.34- To supply the CFO with details relating to work done, goods supplied, services rendered or other amounts due, to enable the CFO to record correctly the sums due to the authority and to ensure accounts are sent out promptly. To do this, Chief Officers should use established performance management systems to monitor recovery of income and flag up areas of concern to the CFO. Chief Officers have a responsibility to assist the CFO in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the authority's behalf. Only up to approved levels of cash can be held on the premises.
- D.35- To keep a record of any transfer of money between employees. The receiving Officer must sign for the transfer and the transferor must retain a copy.
- D.36- To recommend to the CFO all debts to be written off and to keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- D.37- To obtain the approval of the CFO when writing off debts in excess of the approved limit, and the approval of the Cabinet where required.
- D.38- To notify the CFO of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the CFO.

Ordering and Paying for Work, Goods and Services

Responsibilities of the CFO

- D.39- To ensure that all the authority's financial systems and procedures are sound and properly administered.
- D.40- To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.
- D.41- To approve any changes to existing financial systems and to approve any new systems before they are introduced.

- D.42- To approve the form of official orders and associated terms and conditions.
- D.43- To make payments from the authority's funds on the Chief Officer's authorisation that the expenditure has been duly incurred in accordance with financial regulations.
- D.44- To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- D.45- To make payments to contractors on the certificate of the appropriate Chief Officer, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- D.46- To provide advice and encouragement on making payments by the most economical means.
- D.47- To provide, as necessary, cash change floats, and approve and set up bank imprest accounts to meet minor expenditure on behalf of the authority and to prescribe rules for operating these accounts.
- D.48- To maintain a record of all such cash floats and bank imprest accounts, and periodically to review the arrangements for the safe custody and control of them.

Responsibilities of Chief Officers

- D.49- To ensure that unique numbered official orders are used for all goods and services, ~~other than the exceptions specified in D.46~~ wherever possible.
- D.50- To ensure official orders are not used to obtain goods or services for private use.
- D.51- To ensure that only those designated staff initiate or authorise orders and to maintain an up-to-date list of such designated staff, including where appropriate specimen signatures identifying in each case the limits of their authority. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the authority's approach to procurement. Value for money should always be achieved.
- D.52- To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. Where possible a different Officer from the person who authorised the order should always carry out this check. If appropriate, entries should then be made in inventories or stores records.
- D.53 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming that:

(a) ~~(a)~~ —t The goods or services have been received

- ~~(b)~~ ~~(b)~~ — The invoice has not previously been paid
- ~~(c)~~ ~~(e)~~ — ~~T~~he expenditure has been properly incurred and is within budget provision
- ~~(d)~~ ~~(d)~~ — ~~P~~rices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
- ~~(e)~~ ~~(e)~~ — ~~T~~ax has been correctly accounted for
- ~~(f)~~ ~~(f)~~ — ~~T~~he invoice is correctly coded
- ~~(g)~~ ~~(g)~~ — ~~D~~iscounts have been taken where available
- ~~(h)~~ ~~(h)~~ — ~~A~~ppropriate entries will be made in accounting records.

- D.543A For the avoidance of doubt, no pre-payment for goods, services or suppliers shall be allowed without the prior written consent of the [Chief Financial OfficerCFO](#) and the [Monitoring OfficerSenior Manager Legal, HR and Democratic Services](#).
- D.554 To ensure no [O](#)fficer authorises a payment to her or /himself, and where practical no [O](#)fficer should authorises an invoice for which the [O](#)fficer raised the order.
- D.565 To ensure controls are regularly reviewed to verify they are in place and adequate for the efficient management of the system, which enables invoices to be examined, verified and authorised as properly payable
- D.576 To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of these being rendered should be reported to the [Risk and Audit ManagerSenior Manager Internal Audit, Risk & Assurance](#) unless a written explanation giving the reason is attached. Any copy invoice must be clearly marked by the supplier that it is a copy.
- D.587 To encourage suppliers of goods and services to receive payment by the most economical means for the authority. It is essential, however, that payments made by direct debit have the prior approval of the CFO.
- D.589 To ensure that the department obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the authority's contract procedure rules.
- D.6059 To utilise any established central purchasing procedures in putting purchases, where appropriate, out to competitive quotation or tender. These will comply with the authority's contract procedure rules.
- D.601 To ensure that employees are aware of the national code of conduct for local government employees (summarised in the procedures and conditions of employment manual).

D.621 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the CFO. This is because of the potential impact on the authority's borrowing powers, to protect the authority against entering into unapproved credit arrangements and to ensure that value for money is being obtained.

D.632 To notify the CFO of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the _____ CFO.

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D.643 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the CFO, the systems and procedures to be adopted in relation to financial aspects, including:

~~(g)(a)~~ Certification of interim and final payments;

~~(h)(b)~~ Checking, recording and authorising payments;

~~(i)(c)~~ Monitoring and controlling capital schemes

~~(j)(d)~~ Validation of subcontractors' tax status.

D.654 To notify the CFO immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

D.665 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule.

D.676 To ensure that employees operating an imprest account:

~~(a)~~ ~~(a)~~ Obtain and retain vouchers to support each payment from the imprest account, including where appropriate an official receipted VAT invoice

~~(b)~~ ~~(b)~~ Make adequate arrangements for the safe custody of the account

~~(c)~~ ~~(c)~~ Produce upon demand by the CFO cash and all vouchers to the total value of the imprest amount

~~(d)~~ ~~(d)~~ Record transactions promptly

~~(e)~~ ~~(e)~~ Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder

~~(f)~~ ~~(f)~~ Provide the CFO with a certificate of the value of the account held at 31 March each year, detailing the breakdown between cash at bank, cash in hand, petty cash floats advanced and vouchers.

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

(h) ~~(h)~~ On leaving the authority's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the CFO for the amount advanced to him or her.

Payments to Employees and Members

Responsibilities of the CFO

- D.687 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- D.698 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- D.7069 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- D.7071 To make arrangements for paying Members travel or other allowances.
- D.712 To provide advice and encouragement to Members, Chief Officers and employees in order to secure payment of allowances, salaries and wages by the most economical means.
- D.723 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

Responsibilities of Chief Officers

- D.743 To ensure appointments are made in accordance with the regulations of the authority and approved establishments, grades and scale of pay and that adequate budget provision is available.
- D.754 To notify the CFO of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the CFO.
- D.765 To ensure that adequate and effective systems and procedures are operated, so that:
- 1.(a) Ppayments are only authorised to bona fide employees
 - 2.(b) Ppayments are only made where there is a valid entitlement
 - 3.(c) Cconditions and contracts of employment are correctly applied
 - 4.(d) Eemployees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- D.7677 To ensure that only those staff designated by him or /her initiate or authorise payroll documentation, and to maintain a list of such designated staff,

including where appropriate specimen signatures identifying in each case the limits of their authority.

~~D.77-8~~ To ensure that payroll transactions are processed only through the payroll system. Chief ~~O~~officers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. ~~The Inland Revenue~~[HMRC](#) applies a tight definition for employee status, and in cases of doubt, advice should be sought from the CFO.

~~D.798~~ To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the authority, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the CFO is informed where appropriate.

~~D.8079~~ To ensure that the CFO is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

~~D.80-1~~ To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

Responsibilities of Members

~~D.824~~ To submit claims for Members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

Taxation

Responsibilities of the CFO

~~D.832~~ To complete all ~~Inland Revenue~~[HMRC](#) returns regarding PAYE.

~~D.843~~ To complete a monthly return of VAT inputs and outputs to ~~HM Customs and Excise~~[HMRC](#).

~~D.854~~ To provide details to the ~~Inland Revenue~~[HMRC](#) regarding the construction industry tax deduction scheme.

~~D.865~~ To advise Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority, and to maintain up-to-date guidance for all authority employees on taxation issues.

Responsibilities of Chief Officers

- D.~~876~~ To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with ~~HM Customs and Excise~~HMRC regulations.
- D.~~887~~ To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- D.~~898~~ To ensure that all persons employed by the authority are added to the authority's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- D.~~9089~~ To follow the guidance on taxation issued by the CFO.

Quasi Commercial operations

Responsibilities of the CFO

D.91~~0~~ To advise on the establishment and operation of trading accounts and business units.

Responsibilities of Chief Officers

D.92~~1~~_____ To consult with the CFO where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the authority. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.

D.92~~3~~ To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.

D.93~~4~~ To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.

D.94~~95~~ To ensure that each business unit prepares an annual business plan in accordance with published guidelines.

E: EXTERNAL ARRANGEMENTS

Partnerships

Responsibilities of the CFO

- E.1- To advise on effective controls that will ensure that resources are not wasted.
- E.2- To advise on the key elements of funding a project. They include:
- (a) **A** scheme appraisal for financial viability in both the current and future years
 - (b) **R**isk appraisal and management
 - (c) **R**esourcing, including taxation issues
 - (d) **A**udit, security and control requirements
 - (e) **C**arry-forward arrangements.
- E.3- To ensure that the accounting arrangements are satisfactory.

Responsibilities of Chief Officers

- E.4- To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the CFO.
- E.5- To ensure that, before entering into agreements with external bodies, appropriate approvals have been obtained and a risk management appraisal has been prepared for the CFO.
- E.6- To ensure that such agreements and arrangements do not impact adversely upon the services provided by the authority.
- E.7- To ensure that all agreements and arrangements are properly documented.
- E.8- To provide appropriate information to the CFO to enable a note to be entered into the authority's statement of accounts concerning material items.
- E.8A9 To ensure proper authority is obtained for the creation of any company, or any interest in a company, upon the following provisos:
- i. Cabinet authority – where the interest is within the Policy Framework, a minority one, there is limited liability, less than 20 per cent% board membership and the CFO and ~~Solicitor to the Council~~the Senior Manager Legal, HR and Democratic Services have no financial or legal concerns;
 - ii. Council authority – any other situation.

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External Funding

Responsibilities of the CFO

E.109- To ensure that any match-funding or partnership funding requirements are considered prior to entering into agreements and that future revenue budgets reflect these requirements, and that these issues are fully considered before bids are submitted.

E.110- To ensure that all funding notified by external bodies is received and properly recorded in the authority's accounts.

~~E.11 - To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements. Duplicates E9.~~

E.122- To ensure that audit requirements are met.

Responsibilities of Chief Officers

E.133- To consult with the CFO and the relevant Cabinet Member before any bid for any external funds is submitted

~~E.14 - To ensure that when a bid is successful, relevant amendments are made to the 14 - To ensure that when a bid is successful, relevant amendments are made to the~~ appropriate capital and revenue budgets, and that all necessary capital and revenue approvals are obtained before any expenditure is incurred or any commitment is made.

E.154A For externally funded revenue activity the Chief Officer in consultation with the ~~Head of Finance~~CFO may increase the expenditure budgets by the extent of the external funding up to an amount not exceeding £500,000. If the externally funded activity exceeds £500,000 then the approval of the Cabinet is required. In taking these decisions Chief Officers and the Cabinet must consider a written statement of any future commitments that arise after the period of external funding ceases and agree a written exit strategy in order to avoid unplanned future commitments or provide a robust financial plan to fund any approved future commitments after the period of external funding ceases. The rules governing externally funding towards capital spending are set out in section B of these Financial Procedure Rules's.

E.165- To ensure that all claims for funds are made by the due date.

E.176- To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

Work for Third Parties

Responsibilities of CFO

E.187- To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Chief Officers

E.198- To ensure that the approval of the Cabinet is obtained before any negotiations are concluded to work for third parties.

E.2019- To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the CFO.

E.201- To ensure that appropriate insurance arrangements are made.

E.221- To ensure that the authority is not put at risk from any bad debts.

E.232- To ensure that no contract is subsidised by the authority.

E.243- To ensure that, wherever possible, payment is received in advance of the delivery of the service.

E.254- To ensure that the business unit has the appropriate expertise to undertake the contract.

E.265- To ensure that such contracts do not impact adversely upon the services provided for the authority.

E.276- To ensure that all contracts are properly documented.

E.278- To provide appropriate information to the CFO to enable a note to be entered into the [Financial Statement of accounts](#).

DECISIONS BY CABINET 12TH MARCH 2012

On consideration of the following reports, Cabinet on the 12th March 2012 agreed the following:

PROCESS FOR AWARDING GRANTS TO VOLUNTARY ORGANISATIONS FROM 2013/14

- (i) To approve in principle, an outcome-based commissioned grants model to award longer term grants (2 or 3 years) from the Grants to Voluntary Organisations budget from 2013/14.
- (ii) To approve the annual publication of the value of “help in kind” contribution from the council to the voluntary and community sector from 2013/14.
- (iii) To delegate authority to the Director of Economic Development, following consultation with the Cabinet Member for Housing, to do anything necessary to give effect to the recommendations contained in this report.

SAINT GEORGE CATHOLIC VA COLLEGE SOUTHAMPTON PROPOSALS TO CHANGE STATUS TO A MIXED-SEX SCHOOL

- (i) To consider and take into account the outcome of stakeholder consultation, as set out in Appendices 2 and 6.
- (ii) Having had regard to the statutory decision makers guidance and the legal implications under the Equality Act 2010 set out in Confidential Appendix 7, to approve the prescribed alteration to Saint George Catholic VA College by changing the character of the school from a single sex boys school to a mixed school by admitting both boys and girls to year 7 from 1st September 2013.
- (iii) In order to give effect to the proposals above Cabinet is asked to grant a Transitional Exemption Order in relation to the Sex Discrimination Act 1975 (the ‘SDA’) for a period of four years from the date of implementation of the proposals to allow for the change from single sex to co-educational to be phased, as set out in the published proposals.

ADMISSIONS ARRANGEMENTS FOR COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS FOR ACADEMIC YEAR 2013/14

- (i) The responses from the consultation with Southampton Admissions Forum, schools, other relevant admission authorities, and the Church of England and Roman Catholic dioceses be noted;
- (ii) The admissions policies and the published admission numbers (PANs) for community and voluntary controlled schools, including Bitterne Park selection by aptitude and 6th form arrangements; the schemes for coordinating primary and secondary admissions for the academic year 2013-14; and the scheme

for co-ordinating in year admissions from September 2012 as set out in Appendices 1- 7 be approved;

- (iii) The Executive Director for Children's Services and Learning be authorised to take any action necessary to give effect to the above proposals and to make any changes necessary to the Admissions Policies where required to give effect to any Acts, Regulations or revised Admissions or Admissions Appeals Codes or binding Schools Adjudicator. Court or Ombudsman decisions whensoever's arising.

HOUSES IN MULTIPLE OCCUPATION SUPPLEMENTARY PLANNING DOCUMENT (SPD)

- (i) To consider the comments received during the consultation exercise undertaken on the Houses in Multiple Occupation Supplementary Planning Document as set out in the Schedule of Comments attached as Appendix 1.
- (ii) To adopt the Houses in Multiple Occupation Supplementary Planning Document attached as Appendix 2 on 23rd March 2012.
- (iii) To delegate authority to the Senior Manager, Planning Transport and Sustainability to make minor editing changes to the document prior to publication.

APPROVAL TO SPEND CAPITAL FUNDING ON ENVIRONMENT AND TRANSPORT PORTFOLIO SCHEMES 2012/13

- (i) Subject to approval of Council to capital variations and additional funding on 14th March 2012, to approve, in accordance with Financial Procedure Rules, capital expenditure of £10,257,000 in 2012/13, as detailed in Appendix 2, from the total Environment and Transport Capital Programme of £13,236,000
- (ii) To note the detail of the projects within the Capital Programme for 2012/13, as set out in Appendix 3, including a major scheme to resurface Redbridge Roundabout.

DELIVERY OF THE LOCAL SUSTAINABLE TRANSPORT FUND AND EUROPEAN REGIONAL DEVELOPMENT FUND PROGRAMMES

- (i) To delegate authority to the Director of Economic Development to establish a shared service 'soft partnership' to deliver Local Sustainable Transport Fund projects;
- (ii) To delegate authority to the Director of Economic Development to pursue shared service opportunities with Hampshire County Council, Poole and Bournemouth and other local authorities with appropriate risk share arrangements based on proportionality;
- (iii) To invite the University of Southampton, Sustrans, Hampshire County Council (when and if they confirm a wish to enter into a shared service

arrangement), health representative and the Solent LEP, to form active project boards with appropriate terms of reference and governance arrangements to oversee delivery;

- (iv) To delegate authority to the Director of Economic Development in consultation with the Director of Corporate Services, the Head of Legal, HR and Democratic Services and the Senior Manager Finance and following consultation with the Cabinet member for Environment and Transport to finalise the following detail:
 - (a) Recruitment of up to three new three year fixed-term posts to the end of the funding agreement:
 - 1 x Travel Choices Programme Manager
 - 1 x LSTF Project Manager,
 - 1 x Marketing Officer;
 - (b) These new posts will join 3 existing staff from the Transport and Travel Team;
 - (c) Agreeing a location for the team that maximises benefits to the operation of the partnership;
 - (d) Arrangements for the secondment of 3 Sustrans staff (existing Sustrans employees to be seconded into SCC for the period of the funding);
 - (e) Terms of reference and governance arrangements of the project board referred to in recommendation (iii);
 - (f) The content and form of any legal or other agreements , documentation or other arrangements necessary to implement and support the creation of a soft partnership (including entering into such agreements etc on behalf of the Council).

HOUSING REVENUE ACCOUNT (HRA) – VARIOUS SCHEMES APPROVAL CAPITAL PROGRAMME 2012/13 PHASE 1

- (i) To approve in accordance with Financial Procedure Rules capital expenditure of £74,667,000 phased £9,924,000 in 2012/13, £21,884,000 in 2013/14, £23,235,000 in 2014/15 and £19,634,000 in 2015/16 provision for which exists within the unapproved section of the HRA Capital Programme, as detailed in the following table:

	2012/13	2013/14	2014/15	2015/16
	000's	000's	000's	000's
Safe, wind and Weather tight.				
Door Entry Systems	0	214	222	229
External Doors - Flats	0	4	123	117
External Doors - Houses	0	327	202	8
Supported Housing 2 Storey Walkway Repairs	N/A*	1,071	1,109	1,146
Pitched roofs	161	1,310	610	163
Flat Roofs (2012/13 includes International Way)	934	1,146	1,188	1,226
Chimney associated works	50	568	231	20
Wall structure and finish	155	940	1,562	289
Windows	978	380	424	211
Electrical Risers	459	964	998	0
Structural Works – various	414	428	444	458
Total Safe, Wind and Weather Tight	3,151	7,352	7,113	3,867
Warm and Energy Efficient				
Landlord Meter conversions	175	182	189	195
Loft insulation & pipe lagging	59	61	64	66
External Cladding (flats)	1,022	0	0	0
Electrical systems (communal areas)	1,033	701	491	259
Total Warm and Energy Efficient	2,289	944	744	520
Modern Facilities				
Bathroom Refurbishment	N/A*	2,956	3,063	3,163
Kitchen Refurbishment	N/A*	5,986	6,201	6,404
Central heating, Gas boiler replacement	1,351	1,782	1,846	1,906
Central heating (wet and electrical), pipework/circuits	133	238	1,570	1,570
Disabled Adaptations	927	964	998	1,031
Supported Housing Bathroom programme	412	428	444	458
Programme Management fees	535	N/A	N/A	N/A
Total Modern Facilities	3,358	12,354	14,122	14,532
Well Maintained Communal Facilities				
Communal Area Works	355	680	692	715
Lift refurbishment	621	554	564	0
Decent Neighbourhoods Schemes	250	0	0	0
Total Well Maintained Communal Facilities	1,126	1,234	1,256	715
TOTAL	9,924	21,884	23,235	19,634

LOCALISM ACT: CONSULTATION – TENANCY STRATEGY 2012-2016

- (i) To approve the draft tenancy strategy subject to consultation with stakeholders.
- (ii) Following consultation to authorise officers to implement the tenancy strategy. Should significant issues arise then the matter will be referred back to Cabinet for further consideration.
- (iii) To delegate authority to the Senior Manager, Housing Services to develop and implement both the landlord tenancy policy and the allocations policy following completion of the tenancy strategy in consultation with Director Environment and Cabinet Member for Housing.

MASTER PLAN FOR ESTATE REGENERATION FOR TOWNHILL PARK

(i) To approve the report of the Cabinet Member for Housing on the principles of the Townhill Park Regeneration Framework and Master Plan based on the modified Central Park option and to delegate authority to the Director of Economic Development to finalise the Townhill Park Regeneration Framework and Master Plan including commissioning and approving studies following consultation with Director of Environment, Head of Finance and IT and the Cabinet Member for Housing and Leader of the Council.

(ii) To approve in principle the redevelopment of Townhill Park in three phases with the following zones in each phase:

Phase 1 comprising zones 1, 11 (interim uses), 25, 34, and 35

Phase 2 comprising zones 9, 11 (redevelopment), 12, 19, 20, 27 and 28

Phase 3 comprising zones 13, 14, 17, 24, 29, 30, and 33 including additional open space improvements incorporated in the Master Plan and to delegate authority to the Director of Economic Development, following consultation with the Director of Environment, Head of Finance and IT and the Cabinet Member for Housing to move or amend zones within phases following completion of the remaining studies and to decide when to implement the additional open spaces and highways improvements incorporated in the Master Plan.

(iii) To approve the virement of £156,000 in 2012/13 from the uncommitted Estate Wide provision for Estate Regeneration to the Townhill Park Master Plan budget in 2012/13 to enable the remaining studies to be completed and to increase, in accordance with finance procedure rules, approved spending limits for Townhill Park by the same amount.

(iv) To delegate authority to serve Initial Demolition Notices as appropriate on all 3 Phases of the proposed redevelopment to the Director of Economic Development following consultation with the Cabinet Member for Housing, Head of Legal, HR and Democratic Services and Head of Finance and IT.

(v) Subject to the affordability assessment, the availability of relevant HRA and General Fund budgets and the completion of the assessment of the delivery options:

- To implement the current Decant Policy in relation to Phase 1 only,
- To delegate authority to the Senior Manager Property and Procurement to negotiate and acquire by agreement any legal interests or rights held in respect of Phase 1, not held by the Council, using such acquisition powers as the Head of Legal HR and Democratic Services advises. In each case subject to confirmation from Capita, acting as independent valuers, that the price represents the appropriate Market Value.
- To delegate authority to the Director for Economic Development, following consultation with the Director of Environment, Head of Finance and IT and Cabinet Member for Housing, and Senior Manager Property and Procurement to

→ Produce a Development Brief for Phase 1

→ Undertake a procurement process using the Homes and Communities Agency's Delivery Partner Panel (HCA DPP) Framework for Phase 1.

- (vi) To note that there will be a further report to Cabinet in due course seeking authority to approve a preferred bidder and seeking consent to dispose of the sites in Phase 1.

FREEMANTLE COMMON: DISPOSAL OF PROPERTY AND DE REGISTRATION/EXCHANGE OF COMMON LAND

- (i) To authorise the Head of Legal, HR and Democratic Services to make an application to the Secretary of State for the deregistration and exchange of common land identified on the plan at Appendix 1.
- (ii) To authorise the Head of Legal, HR and Democratic Services to advertise the proposed appropriation of common land proposed to be deregistered and open space at Freemantle Common Road identified on the plan at Appendix 1 for two consecutive weeks in a local newspaper.
- (iii) If no objections are received, and subject to obtaining Secretary of State's consent to the exchange of common land, to authorise the Senior Manager: Property, Procurement and Contract Management to appropriate the required areas of common land and open space for highway purposes.
- (iv) In the event that any objections are received to the proposed appropriation to bring a subsequent report and refer those objections to Cabinet for determination.
- (v) To delegate authority to the Senior Manager: Property, Procurement and Contract Management to approve the preferred tender, agree the terms of the sale and to carry out all ancillary matters to dispose of the site

PROPERTY DISPOSAL PROGRAMME – APPROVAL TO DETAILED TERMS

- (i) to approve the principle of the disposal of the Council's freehold investments at The Shirley Centre and The David Lloyd Leisure Centre;
- (ii) to delegate authority to the Senior Manager, Property, Procurement and Contract Management after consultation with the Director for Corporate Services and the Cabinet Member for Resources, Leisure and Culture to approve the sale to the preferred bidders at not less than the minimum prices set out in the confidential appendix, and to subsequently negotiate and carry out all ancillary matters to enable disposal of the sites;
- (iii) that the Head of Legal, HR and Democratic Services be authorised to enter into any legal documentation necessary in respect of the sales;
- (iv) to note that the estimated value of the capital receipt from these disposals had already been built into the funding of the capital programme. Any receipt

higher than the estimate will be used to reduce the funding deficit. A receipt lower than this will increase the deficit;

- (v) to authorise the Head of Legal, HR and Democratic Services to advertise the proposed disposal of the David Lloyd Centre (held under the Public Health Acts) in accordance with Section 123 Local Government Act 1972; and
- (vi) should any objections be received, to refer these objections to Cabinet for determination. If no objections are received, to authorise the freehold disposal of the David Lloyd Centre on the terms set out in this report without further referral to Cabinet

DRAFT PUBLIC HEALTH TRANSITION PLAN (YEAR 2)

- (i) That the draft Transition Plan be approved as the basis for the continuing work in 2012/13 to ensure that public health is transferred to the local authority and delivered effectively as a City Council service from 1st April 2013.
- (ii) That the Director for Adult and Social Care and Director of Public Health be authorised to take all such necessary actions to ensure the transfer of functions to the Council in accordance with the Transition Plan.

DECISIONS BY CABINET 16th APRIL 2012

On consideration of the following reports, Cabinet on the 16th April 2012 agreed the following:

TRAFFIC REGULATION ORDERS

The Executive received a report on the introduction of a Residents' Parking Scheme in the off-street parking areas within Holyrood Estate.

REPORTS FROM OVERVIEW AND SCRUTINY COMMITTEE – THE BIG SOCIETY IN SOUTHAMPTON

- (i) Subject to the report attached as Appendix 2 being agreed at the meeting of the OSMC on 12th April 2012, Cabinet is recommended to receive the attached report on the Big Society Inquiry to enable the Executive to formulate its response to the recommendations contained within it, in order to comply with the requirements set out in the Council's Constitution.

OAKLANDS PRE-SCHOOL

- (i) Subject to obtaining consent from the Secretary of State to dispose of the relevant area (as identified in Appendix 1), to delegate authority to the Executive Director of Children's Services & Learning, following consultation with the Heads of Legal, HR and Democratic Services, Property and Procurement and Finance, and the Cabinet Member for Children's Services & Learning, to approve the details and completion of the letting of the pre-school

facilities on the Oaklands site to Oasis Community Learning at the appropriate time, following the vacation of the former Oaklands Community School site by Oasis Community Learning. A 2-year lease will be offered, which will be reviewable after 1 year.

CHILDREN'S SERVICES CAPITAL PROGRAMME 2012/13

- (i) Subject to complying with Financial and Contract Procedure Rules, to delegate authority to the Director of Children's Services & Learning, following consultation with the Cabinet Member for Children's Services & Learning, to do anything necessary to give effect to the recommendations in this report.
- (ii) To add, in accordance with Financial Procedure Rules, a sum of £15,408,000 to the Children's Services & Learning Capital Programme, for Primary Review Phase 2, as shown in Appendix 1, funded from non-ring fenced Department for Education Basic Need Grant.
- (iii) To note that assumptions have been made about the likely level of Basic Need Grant to be awarded in future years. If the final award is less than anticipated any shortfall in funding will be met from borrowing for which provision has been made in the revenue budget forecast. If the final award exceeds the anticipated sum then this revenue provision will no longer be required and the additional grant will be available to fund other capital priorities as determined corporately. (iv) To add, in accordance with Financial Procedure Rules, a sum of £2,915,000 to the Children's Services & Learning Capital Programme in 2012/13, funded from non ring fenced Capital Maintenance Grant, for the following schemes:
 - £1,000,000 Health & Safety
 - £500,000 Renewable Heat Incentive
 - £400,000 Lord's Hill Academy Offsite Works
 - £140,000 Fairisle Infant and Nursery School Lobby
 - £110,000 Bitterne Park Infant School Roof
 - £100,000 Glenfield Infant School Windows and Ventilation
 - £100,000 Schools Access Initiative
 - £100,000 Asbestos Management
 - £50,000 School Fencing
 - £290,000 School Capital Maintenance
 - £125,000 Project Management
- (v) To approve, in accordance with Financial Procedure Rules, capital variations totalling £1,500,000 to the programme approved by Council on 15 February 2012, as detailed in Appendix 2.
- (vi) To approve, in accordance with Financial Procedure Rules, capital expenditure within the CSL Capital Programme of £16,160,000, phased £9,379,000 in 2012/13 and £6,781,000 in 2013/14, for the following projects:
 - £10,745,000 Primary Review Phase 2
 - £2,500,000 Pupil Referral Unit Capital – The sum to be approved also includes £1,000,000 which is already in the CSL Capital Programme as well as the £1,500,000, which this report is seeking to add to this scheme

- £1,000,000 Health & Safety
- £500,000 Renewable Heat Incentive
- £400,000 Lord's Hill Academy Offsite Works
- £140,000 Fairisle Infant and Nursery School Lobby
- £110,000 Bitterne Park Infant School Roof
- £100,000 Glenfield Infant School Windows and Ventilation
- £100,000 Schools Access Initiative
- £100,000 Asbestos Management
- £50,000 School Fencing
- £290,000 School Capital Maintenance
- £125,000 Project Management

- (vii) To note that approval for the remainder of the Primary Phase 2 expenditure added in recommendation (ii) above will be brought forward to Cabinet when sufficient detail can be provided to effectively inform decision making.

CONSIDERATION OF PARTICIPATION IN THE LOCAL AUTHORITY MORTGAGE SCHEME

- (i) To consider the information about the Local Authority Mortgage Scheme and make any recommendations to Council that are considered appropriate, subject to resolving the outstanding legal issues to the satisfaction of the Director of Corporate Services.

FUTURE SERVICE DELIVERY ARRANGEMENTS FOR ROMANSE AND CCTV

- (i) That the City Council should enter into a 10 year partnership contract with Balfour Beatty Living Places with an option to extend by a further 5 years, to deliver a new combined ROMANSE and CCTV Service at City Depot with a service commencement date of 1st October 2012
- (ii) To delegate authority to the Director of Environment, in consultation with the Head of Finance and IT, the Head of Legal, HR and Democratic Services to proceed to financial and contractual close
- (iii) To delegate authority to the Head of Legal, HR and Democratic Services to enter into all necessary legal contracts and documentation to action the above decisions

TOWNHILL PARK REGENERATION FRAMEWORK: FINANCIAL MODEL AND PHASE 1 CAPITAL EXPENDITURE

- (i) To agree that the HRA capital programme will fund the site preparation costs set out in this report, currently estimated at £10.7M, and:
- To approve a virement of £10.7M from the uncommitted provision for Estate Regeneration which exists in the HRA capital programme and business plan to establish a specific budget for Townhill Park, the phasing for
 - To approve, in accordance with Financial Procedure Rules, capital spending of £2.8M on phase 1 of the Townhill Park project, phased £0.3M in 2012/13, £1.6M in 2013/14 and £0.9M in 2014/15.

- (ii) To note that the General Fund capital programme will be required to fund highways infrastructure, open space improvements and replacement community facilities where appropriate, at an estimated cost of £2.8M with the method of funding this being agreed once the use of the Community Infrastructure Levy and the value of the GF capital receipts are known.
- (iii) To agree that the preferred approach for the provision of the new social housing is for this housing to be supplied by a Housing Association and that 50% of this new social housing provision will be provided for letting at target rents with a potential subsidy from the council, estimated at £3.9M, to be funded through a mixture of reduced land receipts (£2.6M) and utilisation of the uncommitted funding in the Housing GF capital programme (£1.3M), subject to legal advice on the potential financial implications for the HRA.
- (iv) To agree that the phase 1 regeneration of Townhill Park will be by way of a Development Agreement.
- (v) To agree to recommend to Council that:
 - £21M of the 30 year HRA revenue surplus is utilised to meet the long term revenue costs of the regeneration of Townhill Park which includes the requirement to repay the debt on the dwellings that have been disposed of from the general HRA revenue balance as there is no net capital receipt to fund this repayment.
 - The General Fund capital programme funds the highways infrastructure, open space improvements and replacement community facilities where appropriate, at an estimated cost of £2.8M with the method of funding this being agreed once the use of the Community Infrastructure Levy and the value of the GF capital receipts are known.

RISK TABLE

Risk	Mitigation	Likelihood	Impact
<p>A) <u>Financial</u></p> <p><u>Investment Policy</u></p> <p>The current Treasury Management strategy approved by Full Council does not allow SCC to place funds on deposit with any financial institution for a period of more than 1 year.</p> <p>In addition, our current policy (in line with recommendations from our Treasury Advisors) is that deposits with Lloyds are limited to a maximum of 3 months</p>	<p>The Treasury Management Strategy approved for 2012/13 to 2014/15 does not allow the council to place money on deposit with any financial institution for a period of more than 1 year, and within that policy the current view of inherent risk is that deposits with Lloyds as an approved counterparty are currently limited to three months (which reflects our advisors view of the risks with Lloyds as an institution). On that basis, to place £1M on deposit with Lloyds for the minimum period of 5 years would be contrary to the current policy.</p> <p>A recommendation will therefore be put to Council on the 16 May 2012 to agree to act outside of the current Treasury Management policy for the specific purpose of enabling a LAMS scheme to proceed. On that basis, with specific Council approval, the £1M required deposit could be placed on deposit with Lloyds for the minimum period of 5 years.</p>	H	H
<p><u>Budget</u></p> <p>SCC does not have a £1m budget to fund the scheme</p>	<p>The obligation to place £1m on deposit with Lloyds will be met from internal cash flow, as part of managing the Council's overall cash balances. The outcome is that £1m of cash balance will be tied up with Lloyds for the minimum 5 year deposit period.</p>	H	H
<p><u>Claims Coverage</u></p> <p>There is no revenue cost built into budgets to cover any claims against the indemnity.</p>	<p>There are no revenue budgets to pay for any claims on the indemnity. The 70 bps above normal interest rates will provide £7,000 per annum to pay any claims so over the 5 year period of the scheme £35,000 is available. This would be enough for 1 or 2 defaults. Anything above this level would show up as an adverse variance against revenue budgets.</p>	M	H
<p>B) <u>Commercial risks</u></p> <p><u>General economic risks</u></p> <p>Risk of loss if Lloyds TSB Bank (or any assignee) went into liquidation/became insolvent.</p>	<p>None – this is totally outside of the control of the council.</p>	L	H

<u>Borrower default</u>	<p>Nationally, latest Council for Mortgage Lenders figures show 0.3%, of first time buyer's default on their mortgages in the early years. There are no specific local figures available.</p> <p>A £1M facility would assist a minimum of 40 purchasers. Potentially this means the numbers of defaults on a scheme of this size would be very low and unlikely to be more than 1 during the duration of the scheme.</p> <p>The cost of a default depends of the way property values change. Increasing property values would lead to a very low (if any) guarantee payment as the purchasers equity would increase. However, if property prices fall rather this is the scenario where guarantee payments would arise. The extent of the payment is capped at the maximum value of the guarantee for each property.</p>	M	H
<u>Repossessions increase nationally</u>	<p>There is little data available that can predict the number of repossessions that will occur over the next 1-7 years. However based on current data available- the number of properties taken into possession by mortgage lenders in the 3rd quarter of 2011 was 9,200 according to data from the CML</p> <p>The number of repossessions in the quarter equated to 0.08% of all mortgages. In the first 3 quarters of 2011, a total of 27,500 properties were taken into possession - 4% fewer than in the equivalent period the previous year.</p> <p>There was a slight fall in the number of households in arrears with their mortgage across all categories at the end of September 2011. The total number of mortgages with arrears of 2.5% or more of the outstanding balance fell to 161,600 (1.44% of all loans), 8% lower than the 175,100 cases (1.55% of all loans) at the end of September 2010.</p>	M	H
<u>Repossessions run higher in Southampton than nationally</u>	<p>Based on data from the Ministry of Justice, total number of possession orders granted in Southampton in the year to September 2011 was 185. This was 65 down on the previous 12 months. This represents 1.89 per 1,000 population. In the whole of England orders were down 4% and were 2.42 per 1,000 population.</p> <p>Effectively then, Southampton has been operating at a lower level or possession orders than the national average and has been since at least 2008.</p>	L	M

<p><u>Significant changes to general economic outlook leading to greater number or repossessions and falling house prices</u></p>	<p>No-one can predict with any confidence where the economy and housing market will go in the next 1- 7 years Any increase in the level of unemployment could have an affect on the scheme as it could affect an individual's ability to meet mortgage payments. Changes to the housing market and the economy could affect the risks of the scheme e.g. if prices dropped, and other prevailing economics meant borrowers were more likely to default than currently. The risk to the council is if a property is repossessed <u>and</u> then sold at a loss the Bank will call upon the council to cover the loss, up to the maximum guarantee payment. In a market where house prices are falling a Borrower could initiate a voluntary sale to gain release from negative equity. The borrower would cover the initial part of the loss from the 5% deposit with the council covering all or a substantial part of any residual loss. There is also a risk that the Borrower could do a voluntary sale for less than the full market price, which the Bank could agree to knowing that any losses would be covered by the council Land Registry figures confirm that local house prices since 1997 dropped a little after 2007 and are now pretty stagnant but are still significantly higher (our housing Needs Survey says 140% increase in house prices since 1999) than 13 years previous.</p>	M	H
<p>c) <u>Risk due to the terms and conditions</u></p> <p>The deeds and documents are drafted generally very much in favour of the bank, and there is no opportunity to amend the provisions as this is a national scheme.</p>	<p>None- this is a feature of the scheme.</p>	M	H
<p>One of the contemplated lenders in the scheme is "Lloyds Scotland". There may be Scottish law implications in the sense that certain mortgages under the Scheme may be subject to Scottish law.</p>	<p>None – this is a feature of the scheme but may make it more expensive if legal action was ever contemplated</p>	L	H

<p><u>The deposit</u></p> <p>£1m remains on deposit – any indemnity payments have to be made separately during the term of the agreement.</p>	<p>The rate of interest paid on the £1m is the standard 5 year commercial fixed rate plus an additional 70 base points to cover the cost of the indemnity.</p> <p>In the short term SCC could have to make payments during the course of the agreement, 5-7 years. The council can seek recovery of the £1m back at the end of the agreement,</p>	H	H
<p>The council is obliged to open a new deposit account with the bank; with the money left on deposit for at least 5 years (possibly 7) and the council cannot withdraw any of the money during the term of the agreement.</p>	None- this is a feature of the scheme	H	L
<p><u>Change to lending criteria</u></p> <p>Bank has wide discretion to change its` lending criteria and lending terms and conditions at any time during operation of the scheme without notice to the council.</p> <p>SCC still remains liable even if the Bank imposed harsher / more penal terms which might result in increasing defaults</p>	The bank operates to FSA regulation. The bank cannot apply any criteria to this scheme that it would not to any other. Less prudent lending would have an impact on bank too.	L	M
<p><u>The indemnity</u></p> <p>The council must pay immediately on demand any shortfall or the bank can take the money direct from the money held on deposit. It is not clear from the Deed about the level of indemnity and it is possible that it is not limited to £1 million. It is potentially unlimited.</p>	None- this is a feature of the scheme	L	H
<p>SCC liable as “principal debtor” to indemnify the Bank immediately on demand, against any Sale Shortfall, ie where the “Indemnified Obligations” exceed “Sale Proceeds”. NB “Indemnified Obligations” means all moneys owing by the Borrower to the Bank (in a standard form Legal Charge this could include overdrafts, personal loans etc)</p>	It would not be anticipated that there would be many circumstances where a borrower voluntarily sells after a breach and there is a shortfall, although there are examples of this occurring, for example during the 1980-1990 recession period.	L	M

<p>The Bank can require SCC to pay up in respect of any breach of the Borrower's Legal Charge provisions.</p> <p>SCC is liable for a Sale Shortfall not just on sale by mortgagee in possession – but also to a <u>sale by the Borrower</u> – this could be contrived by Borrowers so as to enable them to sell for less than full value – knowing the council will bear the loss, but making it easier / more convenient for the Borrower to move home quickly if it wished</p>			
<p>The bank has the sole discretion to determine sale price once the property has been repossessed, this could result in a reduced price being accepted for the bank's expediency with the council bearing the loss</p>	<p>Legislation imposes an obligation to obtain a reasonable market price, but not the best price.</p>	<p>L</p>	<p>H</p>
<p>The penalty interest provisions are 3% above the Bank's base rate and would apply to any late payment. The bank also has set-off rights enabling it simply to take from any moneys on deposit if, <u>the council doesn't pay promptly</u></p>	<p>These risks can be mitigated by the council ensuring any requests for payment are met in a timely manner although there is no revenue costs built into the annual budget.</p>	<p>L</p>	<p>M</p>
<p>The council effectively waives any right it may otherwise have had at any stage to resist payment on the ground that the bank has acted irresponsibly.</p>	<p>This can be partially mitigated through FSA regulation, but ultimately is a risk of the scheme.</p>	<p>L</p>	<p>M</p>
<p><u>Assignment of loans</u></p> <p>The council has to agree that the Indemnity Deed provisions are applicable not only to obligations arising under any agreement currently being entered into between the Bank and the Borrower but also to any future variation, extension or addition to any such agreement. This may be a greater concern when coupled with the provision for the</p>	<p>Any successor will be FSA regulated and have to apply similar or the same standards of treatment to borrowers – this is covered by the terms and conditions of the bank's mortgages and is part of the regulatory regime. Although the Banks have sole discretion to alter there lending criteria and lending terms and conditions</p>	<p>L</p>	<p>H</p>

Bank to assign its` interests - for example, an assignee other than the Bank, could take a very different approach to lending, resulting in terms of agreements with Borrowers being fundamentally altered - meaning that the prospect or likelihood of default could be much increased. That in turn could increase the likelihood of the council being called to indemnify			
<u>Recovering loss</u> Any sale shortfall enables the bank to enforce its` rights against the council rather than first pursuing other means for recovery against Borrowers, who may. have other assets / means to pay.	If the borrower has got into difficulties with their mortgage it is unlikely they would have any other assets. These mortgages will follow the banks normal collections and recoveries processes. There are legal protocols for repossessions which require the bank to make efforts to consider other options in a residential mortgage recovery action	M	M
The council cannot, under the agreement, seek to recover any loss direct from the Borrower even after the agreement with the bank falls away because the council has no contractual link with the borrower.	None- this is a feature of the scheme, however as previously noted, it is unlikely the borrower will have any assets to recover	M	M
<u>The end of the agreement</u> The initial deposit of £1m is tied up for a period of 5 years irrespective of the level of take up on the scheme. After 5 years the deposit is moved to a corporate deposit account and any money not required to indemnify mortgages can be withdrawn. Enough money to indemnify all outstanding liabilities must be held on deposit for the indemnity period.	None – this is a feature of the scheme. However it is in the bank’s interest to actively market the scheme as soon as the agreement is signed and it is likely take-up will be good. After the initial 5 year period the council is entitled to withdraw any money not required to indemnify mortgages and in extreme circumstance some funds may need to be held on deposit for up to 7 years after the initial 5 year period of the scheme	L	L
<u>The bank not lending</u> The Bank is under no obligation to make any loans under this scheme, so theoretically the council could deposit money and none is lent by the bank.	In practice the bank would still be liable to pay the premium on the monies deposited by the council to cover the cost of the Indemnity, and therefore it would make little commercial sense not to lend. Plus the bank has made significant investment to launch the scheme and it is in their interest too to support first time buyers	L	H

<p><u>Disputes & Costs</u></p> <p>The council would be liable for all and any costs of the Bank for enforcing the provisions of the deed. If there was a dispute about terms the council could end up paying the Bank's costs even if the dispute was ultimately resolved in the council's favour.</p>	<p>None- this is a feature of the scheme</p>	<p>L</p>	<p>H</p>
<p>Any certificate or determination of the bank as to the amount for which the council is liable in any given case is "conclusive evidence". There is no entitlement for the council to query or challenge the figures or means of calculation used in any given case, unless it is obviously apparent that a manifest error has occurred which would be difficult.</p>	<p>None- this is a feature of the scheme</p>	<p>L</p>	<p>H</p>
<p><u>Information and PR</u></p> <p>The council will receive very little information from the bank (via Sector) about the scheme, just depersonalised lending statistics. We will not be able to monitor the impact of the scheme with any detail.</p> <p>Any publicity can only be with the banks' consent</p>	<p>This is a feature of the scheme- the relationship is between the bank and the borrower, so SCC will only get depersonalised overview information. The less information we have however, the less chance of Data Protection issues arising</p> <p>It is unlikely that the bank will refuse any publicity but clearly will want to veto any PR</p>	<p>M</p>	<p>L</p>
<p><u>Data Protection/Freedom of Information Issues</u></p> <p>The Deed imposes obligations on SCC which may or may not be consistent / compatible with SCC's general obligations on Data Protection</p> <p>There does not appear to be any clause dealing with SCC's obligations under FOIA and how we might require the Lender and other partners to assist in complying with our duties.</p>	<p>The council will not be holding any information on individuals, so there is unlikely to be many areas that would fall under DPA.</p>	<p>M</p>	<p>M</p>

<p><u>D) Opinion letter and Indemnity Deed</u></p> <p>The Monitoring Office (Mark Heath) has to sign an Opinion Letter and Indemnity Deed to the bank. This is a Mandatory requirement by the Scheme. This imposes personal liability on the Monitoring Officer who will need to be satisfied about all aspects of the scheme before signing the documents.</p> <p>The Opinion Letter is drafted so as to be a representation by the signatory that the council had power to enter into Deed and related documents, and as to other related matters</p> <p>The council also have to agree to an Indemnity to Lloyds TSB.</p> <p>The terms of the Opinion Letter potentially sets up the signatory – and through the Indemnity, the council – for a claim based on negligent misstatement, misrepresentation, breach of warranty etc.</p>	<p>This is a risk of the scheme.</p>	<p>H</p>	<p>H</p>
<p><u>C) State Aid</u></p> <p>Art 107 of the European Treaty states that any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market.</p> <p>It is arguable that, notwithstanding what the council regards as the social purposes of the Scheme, the indemnity would amount to state aid.</p>	<p>Legal Services will submit an application for the UK Government to file a formal notification to the European Commission via BIS, if directed to by the council</p>	<p>M</p>	<p>H</p>

<p>Blackpool City Council and Lloyds Bank made an informal notification to BIS. BIS representatives in Brussels discussed the scheme with European Officials and an email was then sent from BIS to Lloyds and Blackpool. The email though makes it clear that this was a preliminary view only based on the information they had received and if legal certainty is required then BIS advised that a formal notification was required to obtain an official Commission position. The email suggested that the Commission's opinion was that this scheme could be considered as not constituting aid within the meaning of Article 107(1) TFEU, provided certain following criteria were met.</p> <p>If this scheme amounts to unlawful state aid there are serious consequences. The EU can impose penalties and it could lead to claims being made against the council by national and Local competitors e.g. other Banks and Building Societies.</p>			
<p>D) <u>Procurement</u></p> <p>There is a possibility that the Indemnity in the Deed falls inside the scope of the Public Contracts Regulations 2006 and Directive 2004/18</p>	<p>There is insufficient information at present to advise fully on this aspect.</p>	<p>Cannot assess yet</p>	<p>Cannot assess yet</p>

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Appendix 2 Summary of banks and building societies

Building Society	Geographic Area Covered	Mortgages on New Build	Cash Backed Scheme	bps Above Standard 5 Year Interest Rate	State of Readiness	Ranking
Lloyds BC	National	No	Yes	70	Up and running mortgages in place in Warrington and Blackpool	1
Leeds BS	National	Yes	Yes	40	Ready to launch	2
Teachers	Education Professionals and BH & DT Post Codes	N/A	N/A	N/A	Ready to launch	N/A
Furness BS	North West with Branches between Liverpool and Millom	N/A	N/A	N/A	N/A	N/A
Saffron BS	Branches mainly in Essex but some in Norfolk, Suffolk and Herefordshire	N/A	N/A	N/A	N/A	N/A
Leek United	Derbyshire, Shropshire, Cheshire and Staffordshire	N/A	N/A	N/A	N/A	N/A
Principality BS	Wales and a few branches on the borders	N/A	N/A	N/A	Likely to join panel of lenders and no details of scheme available	N/A
Co-op	National	N/A	N/A	N/A	No comparable scheme currently available	N/A

Notes

- 1 Only Lloyds and Leeds currently offer schemes suitable for SCC. 5 of the other schemes are locally based and do not cover the Southampton area. The Co-op do not currently have any of their proposed scheme so it is not certain they will have anything comparable.
- 2 Leeds will offer mortgages on new build but Lloyds do not. However the recently announced Government scheme is for new build only so is complimentary to the Lloyds scheme.
- 3 Lloyds is ranked above Leeds as it offers a higher interest rate. The Lloyds scheme would generate £35,000 additional interest to cover claims against the indemnity based on a 5 year period and a £1M deposit. The Leeds Scheme would only generate £20,000 to cover claims against the indemnity so is higher risk.

details of

period

Townhill Park capital expenditure and income - all phases

Year	HRA Capital Expenditure - phase 1 £000	HRA Capital Expenditure - other phases £000	Total HRA Capital Expenditure £000	HRA Receipts £000	Net HRA capital outlay £000	GF Capital Expenditure £000	GF Receipts (including CIL) £000	Net GF capital outlay £000
2012 13	300	0	300	0	300	260	0	£000
2013 14	1,600	500	2,100	-500	1,600	300	0	300
2014 15	900	800	1,700	-300	1,400	420	-1,000	-580
2015 16	0	1,400	1,400	-200	1,200	260	0	260
2016 17	0	2,000	2,000	-200	1,800	260	-800	-540
2017 18	0	1,100	1,100	-700	400	260	0	260
2018 19	0	100	100	0	100	260	-1,000	-740
2019 20	0	700	700	-200	500	260	0	260
2020 21	0	1,300	1,300	-500	800	260	0	260
2021 22	0	0	0	0	0	260	0	260
Total	2,800	7,900	10,700	-2,600	8,100	2,800	-2,800	0

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IMPACT ON OVERALL FINANCIAL POSITION OF DIFFERENT SCENARIOS

Scenario	Description	HRA Impact £000	GF Impact £000	Overall Impact £000	Change in HRA impact £000	Change in GF impact £000	Change in overall impact £000
	Base Case	-8,049	-36	-8,085			
1	Redevelop Dewsbury Court	-7,897	80	-7,817	152	116	268
2	Refurbish shops and Ark	-8,670	-36	-8,706	-621	0	-621
3	No development of Frogs Copse	-7,779	-306	-8,085	270	-270	0
4	Higher code for sustainable homes	-23,596	-1,576	-25,172	-15,547	-1,540	-17,087
5	50% of social housing at target rent	-10,702	-1,250	-11,952	-2,653	-1,214	-3,867
6	100% of social housing at target rent	-10,702	-5,247	-15,949	-2,653	-5,211	-7,864
7	Growth in costs and values	-4,342	294	-4,048	3,707	330	4,037
8	Interest costs plus 0.5%	-8,254	-50	-8,304	-205	-14	-219

Notes

The figures for scenario 4 showing a higher code for sustainable homes render the regeneration unviable. Scenario 5 (shown in bold) is the recommended option.

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