

Full Council

25 September 2019

Quorum: 11

Published: Tuesday, 17 September 2019



To the Members of the Council

You are summoned to attend a meeting of the Council to be held in the Council Chamber at County Hall, St Anne's Crescent, Lewes on 25 September 2019 at 6.00 pm to transact the following business.

Note: At the commencement of the meeting the Chair will ask for a period of silence to enable councillors to focus their thoughts on the meeting or to pray silently.

Agenda

1 Minutes of the meeting held on 15 July 2019 (Pages 5 - 10)

To confirm and sign the minutes of the meeting of the Council dated 15 July 2019.

2 Apologies for absence

3 Declarations of interest

Disclosure by councillors of personal interests in matters on the agenda, the nature of any interest and whether the councillor regards the interest as prejudicial under the terms of the Code of Conduct.

4 Announcements (Pages 11 - 12)

To receive any announcements from the Chair of the Council, Leader of the Council, Members of the Cabinet or the Chief Executive. A list of the Chair of the Council's engagements since the previous meeting is enclosed.

5 Urgent items

Items not on the agenda which the Chair of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances as defined in Section 100B(4)(b) of the Local Government Act 1972.

6 Questions from members of the public

To deal with questions which members of the public may wish to put to members of the Cabinet in accordance with Council Procedure Rule 11 (if any).

7 Urgent decisions taken by the Cabinet or Cabinet members

In accordance with Scrutiny Procedure Rule 17, to receive details of any urgent decisions taken by the Cabinet or Cabinet members since the previous meeting.

8 Discussion of Petition from Downs Development Neighbourhood Voice (Pages 13 - 16)

To discuss the petition '*Petition to stop the Development on the Downs Leisure Centre site. Save our Recreation Grounds, keep Doctors in Seaford Town*' presented by Downs Development Neighbourhood Voice at the last Full Council meeting in accordance with Council Procedure Rule 13. The petition statement is attached as an appendix.

9 Amended Code of Conduct for Members (Pages 17 - 46)

To consider the report of the Monitoring Officer and recommendation from the Audit and Standards Committee on 16 July 2019.

10 Financial Procedure Rules (Pages 47 - 98)

To consider the report of the Chief Finance Officer and recommendation from the Audit and Standards Committee on 16 July 2019.

11 Treasury Management Report - Referral from Cabinet (Pages 99 - 122)

To consider the recommendation from the meeting of the Cabinet held on 16 September 2019.

12 Notices of motion.

In accordance with council procedure rule 14, the following notices of the motion have been received for the consideration of the Council:

- (a)** Motion 1 - Local Authority Mental Health Challenge (Councillor MacCleod)
(Pages 123 - 124)
- (b)** Motion 2 - Speaking at Planning Applications Committee (Councillor Davy)
(Pages 125 - 126)
- (c)** Motion 3 - Waste and Recycling Facilities - (Councillor L Boorman)
(Pages 127 - 128)

13 Written questions from Councillors

To deal with written questions which councillors may wish to put to the Chair of the Council, a Lead Councillor on the Cabinet or the Chair of any committee or sub-committee in accordance with Council Procedure Rule 12 (if any). Those received by the deadline of 19 September 2019 will be circulated separately.

14 Questions to the Leader of the Council

To deal with questions (if any) which councillors may wish to put to the Leader of the Council. It will be at the Leader's discretion to re-direct questions to relevant Members of the Cabinet. A councillor wishing to raise a question must notify the Chair of the Council of the text of the question prior to the commencement of the meeting. (NB This item is limited to a maximum of 5 questions, with no more than 1 question being asked per councillor. If a question requires a detailed or technical response, the Leader may decide that a written response is more appropriate).

15 Ward issues

To deal with ward issues which councillors wish to raise (if any).

16 Reporting back on meetings of outside bodies

To receive any reports from the Council's representatives who serve on outside bodies in respect of meetings they have attended.



Robert Cottrill
Chief Executive

Information for the public

Accessibility: Please note that the venue for this meeting is wheelchair accessible and has an induction loop to help people who are hearing impaired. This agenda and accompanying reports are published on the Council's website in PDF format which means you can use the "read out loud" facility of Adobe Acrobat Reader.

Filming/Recording: This meeting may be filmed, recorded or broadcast by any person or organisation. Anyone wishing to film or record must notify the Chair prior to the start of the meeting. Members of the public attending the meeting are deemed to have consented to be filmed or recorded, as liability for this is not within the Council's control.

Public participation: Up to 30 minutes will be allowed at ordinary meetings of the Council during which members of the public may ask questions of Cabinet members. Questions must be received by midday 3 working days before the day of the meeting

and include the name and address of the questioner and the organisation they represent (if applicable), and the name of the Cabinet member to whom it is to be put. No more than 3 questions are allowed but person or per organisation. Please contact Democratic Services (see end of agenda) for further information.

Information for Councillors

Disclosure of interests: Members should declare their interest in a matter at the beginning of the meeting.

In the case of a disclosable pecuniary interest (DPI), if the interest is not registered (nor the subject of a pending notification) details of the nature of the interest must be reported to the meeting by the member and subsequently notified in writing to the Monitoring Officer within 28 days.

If a member has a DPI or other prejudicial interest he/she must leave the room when the matter is being considered (unless he/she has obtained a dispensation).

Councillor right of address: A member of the Council may ask the Chair, the Leader, a Cabinet member, the Chair of any committee or sub-committee, or a member of the Council to any external body or joint authority a question on any matter in relation to which the Council has powers of duties of which affects the district.

A member must give notice of the written question to Democratic Services in writing or by electronic mail no later than close of business on the fourth working day before the meeting at which the question is to be asked.

Democratic Services

For any further queries regarding this agenda or notification of apologies please contact Democratic Services.

Email: committees@lewes-eastbourne.gov.uk

Telephone: 01273 471600

Website: <http://www.lewes-eastbourne.gov.uk/>



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Full Council

Minutes of meeting held in Council Chamber at County Hall, St Anne's Crescent, Lewes on 15 July 2019 at 6.00 pm

Present:

Councillor Stephen Gauntlett (Chair)

Councillors Adrian Ross (Vice-Chair), Sam Adeniji, Graham Amy, Nancy Bikson, Matthew Bird, Liz Boorman, Phil Boorman, Christine Brett, Roy Burman, Julie Carr, Roy Clay, Chris Collier, Sharon Davy, Johnny Denis, Lynda Duhigg, Tom Jones, Isabelle Linington, Ron Maskell, Ruth O'Keeffe, Julian Peterson, Steve Saunders, Robert Banks, Christoph von Kurthy, Jim Lord, Sylvia Lord, James MacCleary, Sean MacLeod, Imogen Makepeace, Milly Manley, William Meyer, Joe Miller, Zoe Nicholson, Emily O'Brien, Laurence O'Connor, Nicola Papanicolaou, Christine Robinson, Geoff Rutland and Ian White

Officers in attendance:

Robert Cottrill (Chief Executive), Catherine Knight (Assistant Director of Legal and Democratic Services) and Sarah Lawrence (Senior Committee Officer).

16 Minutes of the meeting held on 20 May 2019

The minutes of the meeting of the Council held on 20 May 2019 were approved as a correct record, subject to typographical changes, including a correction to the spelling of Councillor O'Keeffe's name in item 9 and to Councillor Robinson's name in Minutes Appendix 1.

17 Apologies for absence

Apologies for absence were reported from Councillors Rigden and Davis.

18 Declarations of interest

Councillors O'Brien, Brett, Peterson, Adeniji, S Lord, J Lord and Clay declared personal interests in respect of item 8 (petitions) as they were patients at the doctors surgeries involved. Councillor Saunders also declared a personal interest in item 8 as he was a member of the trustees for Wave Leisure, which was a partner in the proposed scheme. None of the interests were prejudicial, and all Councillors remained in the room and took part in the discussions of item 8.

19 Announcements

The Council received a list of the Chair of the Council's engagements carried out between 20 May 2019 and 15 July 2019.

20 Urgent items

There were no urgent items.

21 Notice Received for Removing the Leader of the Council

The Chair of the Council advised that notice had been received from Councillor MacCleary and Councillor Collier in accordance with paragraph 5.3 in the Council's Constitution proposing the removal of the Leader, and that Councillor Nicholson be appointed as the Leader of the Council instead. The Chair confirmed that no alternative nominations were received by the deadline of 7 July 2019. Council was asked to vote first on the proposed resolution to remove the Leader.

In accordance with paragraph 18.4 of Council Procedure Rules, more than five members of the Council requested that a ballot was held on this vote.

In accordance with paragraph 18.5 of the Council Procedure Rules, more than five members of the Council then requested that a named vote was held on the item, which overrode the demand for a ballot.

The vote on the removal of the Leader was therefore put to the vote and declared carried by 22 to 17 votes, and the names of those voting recorded as follows:

For the Motion:

Councillors Amy, Banks, Bird, Brett, Carr, Clay, Collier, Denis, Gauntlett, von Kurthy, MacCleary, Macleod, Makepeace, Manley, Meyer, Nicholson, O'Brien, O'Connor, O'Keeffe, Robinson, Ross and Saunders. (22)

Against the Motion:

Councillors Adeniji, Bikson, L Boorman, P Boorman, Burman, Davy, Duhigg, Jones, Linington, J Lord, S Lord, Maskell, Miller, Papanicolaou, Peterson, Rutland and White. (17)

The Chair then put the nomination of Councillor Nicholson to be Leader of the Council to a vote by way of a show of hands. This was carried by 22 votes to 17.

RESOLVED – That Councillor Isabelle Linington be removed as Leader and that Councillor Zoe Nicholson be appointed as Leader of the Council.

Further to the resolution, the Chair of the Council advised that there would be some appointments, including the membership and chairmanship of the Scrutiny Committee, the chairmanship of Audit and Standards Committee,

and representation on outside bodies which specifically required a member or representative to be a Cabinet Member or an Opposition Member. The Assistant Director – Legal and Democratic Services would therefore contact Group Leaders following this meeting to make any other necessary changes to appointments.

Councillor Nicholson thanked the Council and advised that the following would also be members of the Cabinet:

Councillor MacCleary – Deputy Leader and Cabinet Member for Regeneration and Prosperity.

Councillor O'Brien – Cabinet Member for Planning

Councillor Carr – Cabinet Member for Waste and Recycling

Councillor Bird – Cabinet Member for Sustainability

Councillor Meyer – Cabinet Member for Housing

Councillor Denis – Cabinet Member for Customers and Communities.

Councillor O'Keeffe – Cabinet Member for Partnership and Enterprise

Councillor Collier – Cabinet Member for Performance and People.

22 Questions from members of the public

There were no questions received from the members of the public.

23 Petitions

Holger Zschenderlein for Downs Development Neighbourhood Voice presented a petition to the Council entitled 'Petition to stop the Development on the Downs Leisure Centre site. Save our Recreation Grounds, keep Doctors in Seaford Town' and read out the supporting statement. He advised that the hardcopy of the petition had received 1,876 signatures, and to date the online petition had received 764 signatures to date and was due to complete on 11 October 2019.

Councillors Adeniji and Brett, as ward members spoke in relation to the petition. In addition, Councillor O'Brien and Councillor Denis spoke, the latter highlighting, in his role as outgoing Scrutiny Chair, that the Scrutiny Committee had set up a Task Group to look at the proposed Seaford Health Hub.

The Chair formally received the petition, and advised that as it contained more than 1,500 signatures it will be referred to the next Full Council in September for discussion. In addition, it was appropriate for the petition to be notified to the Scrutiny Task Group for its consideration.

24 Standards - Appointment of Independent Persons

Councillor Gauntlett moved the recommendations of the report for the appointment of two Independent Persons for a four year term, and this was seconded by Councillor Carr and approved.

The Chair advised that these appointments had also been approved by Eastbourne Borough Council at its Full Council meeting on 10 July 2019.

RESOLVED:

- 1) That the Council approves the appointment of Neal Robinson and Graham Branton as Independent Persons for Lewes District Council for a term of four years, commencing on 1 August 2019, subject to re-confirmation at Annual Council in 2020, 2021 and 2022; and
- 2) That the Council record its thanks to Vic Kempner for his service as outgoing Independent Person.

25 Recommendation from Audit and Standards Committee

The Chair of the Council advised that on 18 March 2019 the Audit and Standards Committee had considered the Council motion on Investment and Climate Change, had received an update on the East Sussex Pensions Fund investments, and had agreed to receive a regular update as part of treasury management monitoring on the implications of the Council's investments on climate change.

Councillor Gauntlett moved and Councillor Saunders seconded and accordingly the Council:

RESOLVED - To note the consideration and resolutions of the Audit and Standards Committee on the Council motion on Investment and Climate Change.

26 Notices of motion.

The Chair of the Council reported that the following notice of motion had been submitted under Council Procedure Rule 14.

(a) To Declare a Climate Emergency

Councillor Bird moved and Councillor Brett seconded:

"We call on the Council:

1. To develop a comprehensive Climate Change Strategy within 12 months that addresses all inward and outward-facing Council functions and implement appropriate monitoring and reporting mechanisms in order to:
 - Ensure that all strategic decisions, budgets and approaches to planning decisions are in line with a shift to net zero greenhouse gas emissions by 2030;
 - Ensure that appropriate resources and capacity are put in place

to progress the actions needed to address the 'climate emergency' effectively; and

- Support and work with relevant agencies and stakeholders towards making the entire District zero carbon and climate resilient by 2030.

2. To request Scrutiny Committee to set up a Climate Change Scrutiny Panel that receives progress reports on the policy and actions enacted by the Council to address the 'Climate Emergency'. This incorporates the existing request to Scrutiny Committee to monitor the implementation of recommendations made by the Climate Change Action Group. The Panel will also invite appropriate experts to support Council climate change actions.
3. To request that a Community Climate Change Forum is convened with representation and participation from across the district. Invitees to include but not be restricted to representatives from local communities, parish and town councils, organisations, business, education, nature groups, agricultural, food, health and transport groups.
4. To request that the Council is especially proactive in taking steps to include young people in the 'Climate Emergency' process, ensuring that they have a voice in shaping the future.
5. To report on an annual basis to the Audit and Standards Committee on the level of investment in the fossil fuel industry that our pensions plan and other investments have, and review the Council's investment strategy to give due consideration to climate change impacts in the investment portfolio.
6. To ensure that all reports in preparation for the 2020/21 budgeting take into account actions the Council will take to address this emergency.
7. Portfolio Holder to write to the Government to set out the Council's intentions and call on the UK Government to provide the powers, resources and help with funding to make this possible, and ask our local MP to do likewise."

The motion was put to the vote and it was carried (**RESOLVED**).

27 Urgent decisions taken by the Cabinet or Cabinet members

There were no urgent decisions to report.

28 Written questions from Councillors

There were no written questions from Councillors.

29 Questions to the Leader of the Council

There were no questions put to the Leader of the Council.

30 Ward issues

No ward issues were notified to be raised at the meeting.

31 Reporting back on meetings of outside bodies

No Councillors had asked to report back on meetings of outside bodies.

The meeting ended at 6.50 pm

Councillor Stephen Gauntlett (Chair)

Agenda Item 4

Lewes District Council



Southover House
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Lewes
East Sussex BN7 1AB

Civic & Member Services Officer: 01273 085030

CHAIR
Councillor STEPHEN GAUNTLETT

VICE-CHAIR
Councillor ADRIAN ROSS

civic.office@lewes-eastbourne.gov.uk

CHAIR'S ENGAGEMENTS

15 July 2019 – 25 September 2019

Wednesday 24 July	6pm	Chair and Consort: To attend Landport Residents' Association annual Community BBQ on Eridge Green, Landport, Lewes.
Friday 26 July	12pm	Chair and Consort: To attend the Friends of Brickfield Children Nature Hunt and picnic, Brickfield, Lewes.
Thursday 1 August	12.45pm	Chair: To draw the Rotary Club of Lewes Raffle and give a speech, at the White Hart Hotel Lewes.
Sunday 4 August	11am	Chair: To attend the Friends of Castle Hill Nature Reserve Open Day and "opening" of pond at Castle Hill Nature Reserve.
Tuesday 6 August	6pm	Chair and Consort: To attend Chair of ESCC's Summer Reception.
Sunday 11 August	12.30pm	Chair: To attend the Newhaven Town Council 77th Anniversary of the Dieppe Raid commemorations and to lay a wreath, Newhaven
Sunday 18 – Monday 19 August		Chair and Consort: To attend the 77 th Anniversary of the Dieppe Raid commemorations in Dieppe, France and to lay wreaths at each site.
Thursday 29 August	5pm	Chair: To host the Heritage Open Days weekend 2019 Launch at Lewes House and to provide the welcome remarks
Saturday 31 August – Sunday 1 September		Chair and Consort: To attend visits to various Artwave 2019 venues
Thursday 5 September	5.30pm	Chair: To attend the opening of 'Stories Seen Through a Glass Plate-Lewes High Street: Retail Retold' at Lewes Town Hall

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Agenda Item 8

Petition to stop the Development on the Downs Leisure Centre site. Save our Recreation Grounds, keep Doctors in Seaford Town.

Hardcopy Signature List

Title: Petition to stop the development on the Downs Leisure Centre site.

Statement:

We, the undersigned, **DO NOT** want a new health hub, retail store or housing to be built on the grounds of the Downs Leisure Centre, Sutton Road, Seaford. This proposal by Lewes District council would:

- Relocate both NHS doctor's surgeries away from the town centre without promise of additional medical services
- Build on a well-used recreation ground gifted to the people of Seaford
- Increase traffic, pollution and the risk of accidents
- Reduce footfall and damage business in Seaford town centre

We **DO** want to keep the existing recreation grounds at the Downs Leisure Centre, and GP services kept and improved in the Seaford town centre.

Have your say. To sign our **online petition**, or give our group practical support, email DownsDNV@gmail.com Please follow us on Facebook at **Downs Development Neighbourhood Voice**.

To oppose this development, please sign below.

38 Degree Online

<https://you.38degrees.org.uk/petitions/keep-the-doctors-in-town-save-our-recreation-ground>

Title: Save our Recreation Grounds, keep Doctors in Seaford Town

Statement:

1. Save our Recreation Grounds
2. Keep Doctors in Seaford Town

Why is this important?

Save our Recreation Grounds:

Seaford in East Sussex has a serious, and recognised, lack of outdoor recreation and sports facilities for its growing population. Our grounds at the Downs Leisure Centre include: playing field, garden and an over 60s club. All at risk of being permanently lost and tarmacked over.

It's accepted by doctors and common knowledge that fresh air and open, green spaces are vital for mental and physical health for all ages. Our green spaces at the Downs site are in constant use by young and old.

They're also vital habitats to a host of birds, insects and other creatures in the trees, hedges, plants, grass and soil. As we face a worldwide climate crisis, green space isn't a 'nice to have', it's an essential part of supporting pollinators and a whole delicate, interconnected ecosystem.

These grounds are the last remnants of open space in this part of Seaford. Documents reveal that historic buildings thought to pre-date 1624 are still on what was once rural and common land.

In fact, these public recreation grounds were gifted to the people of Seaford for health and leisure since 1964, until now. It's a space where we can come together, kick a ball, picnic, walk and play together. We absolutely do not want to lose this right.

Keep Doctors in Seaford town:

Currently people from all over Seaford can reach the two doctors' surgeries in the town. Seaford is a one-stop centre for everyone. Patients who visit the surgeries in Seaford also go shopping and catch up with friends in the town's many cafes.

This vibrant town community, and vital trade, could easily be lost if both surgeries are moved to the Downs Leisure Centre site. At a time when the UK's high streets are under serious threat, we need to be investing in the town centre and keeping it thriving, rather than driving footfall away from the area.

Relocating both surgeries to the Downs Leisure Centre and building a supermarket on site will encourage more car use, leading to traffic congestion and pollution which will change the local area beyond recognition. Plus, the development will significantly increase parking demand – and the planned parking is woefully insufficient.

There are empty and underused premises in the town centre. No clear reasons have been given about why the NHS doesn't invest in its existing premises which occupy a large space in the town centre. It is not our Council's legal or core responsibility to fund NHS facilities. The seizure of green recreational space to build a supermarket and £18 million doctor's surgery is unprecedented. No other council has proposed this before.

As residents of Seaford, we value the fresh sea air, outdoors green space, beautiful natural environment, active lifestyle, vibrant town centre, and sense of community. But if the council gets the go ahead with this development, it will use an £18 million public works loan to finance an NHS project - with no new medical services on offer.

We do NOT want a development that builds a supermarket, housing, car parking and medical centre over our green space. The development will degrade the natural environment, increase congestion, pollution and the likelihood of accidents. It will further social isolation, reduce ways of keeping active and seriously affect trade in the town centre.

To stop this development, please sign our petition.

Links:

'Town Centres could become ghost towns', BBC, July 2018

<https://www.bbc.co.uk/news/business-44695269>

'NHS battle plan to save millions of lives: Lifestyle changes to solve health', The Express, April 2019

<https://www.express.co.uk/news/uk/1116288/nhs-health-crisis-exercise-britain-matt-hancock>

'Evidence showed that concrete gardens had no effect at all, so you had to have green gardens.' 'Top doctor backs green gym idea.' BBC news 2014

<https://www.bbc.co.uk/news/science-environment-26871970>

'UK parks save NHS more than £111m a year, study suggests. Fields in Trust charity say regular users are likely to be healthier and visit GPs less often'.

<https://www.theguardian.com/uk-news/2018/may/07/uk-parks-save-nhs-111m-year-study-suggests>

'Doctor's new prescription: "Don't just exercise, do it outside" '.

<https://www.theguardian.com/lifeandstyle/2015/feb/10/health-prescriptions-doctors-healthcare-fitness-exercise-parks>

'One of our key areas of expertise is the interface between green space and health from programmes on the ground to strategic work at national level'. <https://sustainablehealthcare.org.uk/what-we-do/green-space-and-health>

A host of research at <https://nhsforest.org/evidence-benefits> points to the health of patients, staff and local communities can be dramatically improved by providing opportunities to exercise outdoors and access green space.

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Report to:	Full Council
Date:	25 September 2019
Title:	Amended Code of Conduct for Members
Report of:	Monitoring Officer
Ward(s):	All
Purpose of report:	To recommend adoption of amendments to the Council's Code of Conduct for Members
Officer recommendation(s):	(1) That Council adopts the amended Code of Conduct for Members, set out at Appendix 3. (2) That Council authorises the Monitoring Officer to make the amended Code of Conduct available to all town and parish councils in the Lewes district, with a view to those councils adopting it for consistency.
Reasons for recommendations:	To ensure the Council's Code of Conduct for Members reflects national best practice
Contact Officer(s):	Name: Oliver Dixon Post title: Deputy Monitoring Officer E-mail: oliver.dixon@lewes-eastbourne.gov.uk Telephone number: (01323) 415881

1 Introduction

- 1.1 On 16 July 2019, the Audit and Standards Committee considered a report by the Monitoring Officer on proposed amendments to the Code of Conduct for Members.
- 1.2 Eastbourne Borough Council's Audit and Governance Committee considered an equivalent report by their Monitoring Officer on 24 July 2019.
- 1.3 The amendments reflect best practice issued by the Committee on Standards in Public Life (CSPL). This is an advisory body sponsored by the Cabinet Office and examines concerns about standards of conduct by holders of public office, and makes recommendations as to changes in present arrangements which might be required to ensure the highest standards of propriety in public life.

2 Amendments to Code of Conduct

- 2.1 CSPL's best practice recommendations and the Council's response to each one are set out in Appendix 1.

- 2.2 The principal amendments to the Code of Conduct are to add:
- (i) an obligation not to harass any person;
 - (ii) definitions of 'bullying' and 'harassment'; and
 - (iii) examples of behaviour amounting to bullying or harassment.
- 2.3 The minutes and recommendations of the Audit and Standards Committee are set out in Appendix 2.
- 2.4 Collectively, the Audit and Standards Committee and the Audit and Governance Committee recommended a small number of additional amendments, as follows:
- (i) that paragraph 1(6) of the Code read "Councillors must comply with any *reasonable request by the Monitoring Officer, the Deputy Monitoring Officer or an investigating officer appointed by them*, regarding the provision of information in relation to a complaint that alleges a breach of the Code of Conduct, and must comply with any formal standards investigation." [additional amendments shown in italics];
 - (ii) that the following line be added to the examples of bullying and to the examples of harassment given in the appendix to the Code: "any of the behaviours listed above, occurring on a single, repeated or habitual basis."
- 2.5 The Code of Conduct incorporating all the above amendments is set out in Appendix 3, with the amendments shown as tracked changes.
- 2.6 As the amendments are broadly in line with those already adopted by East Sussex County Council, twin-hatted members serving at both district/borough and county level will operate within a consistent set of standards.
- 2.7 Though not legally required to do so, parish and town councils in the Lewes district have customarily adopted the code of conduct of their 'principal authority', Lewes District Council. This achieves consistency across the district and enables members who are town/parish and district councillors to work to a common code.
- 2.8 Accordingly, it is recommended that Council authorises the Monitoring Officer to make the amended District Council code available to local councils across the district, with a view to them adopting it.

3 Financial appraisal

- 3.1 Adopting the amendments set out in Appendix 3 will have no financial implications of any significance.

4 Legal implications

- 4.1 The recommendations are consistent with the Council's obligations under the statutory framework for local government ethical standards: part 1, chapter 7, of

the Localism Act 2011. Under section 28(13) of the Act, the function of revising the Council's Code of Conduct is reserved to the full Council.

5 Risk management implications

5.1 Whilst it is not obligatory for a local authority to adopt CSPL's best practice, failure to do so would leave the authority (a) in a less than optimal position as regards its ethical standards governance, and (b) out of kilter with other authorities.

6 Appendices

- Appendix 1 – CSPL's best practice recommendations and the Council's response to each one
- Appendix 2 – Minutes and recommendations of the Audit and Standards Committee of 16 July 2019
- Appendix 3 – Code of Conduct incorporating proposed amendments

7 Background papers

The background papers used in compiling this report were as follows:

- [Local Government Ethical Standards – A Review by the Committee on Standards in Public Life](#)

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Committee on Standards in Public Life – Best Practice Recommendations and Council Response

	Best Practice Recommendation	Council Response
1	Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.	Paragraph 3(2)(b) of the Code should be amended, and a new appendix inserted with examples of the behaviour specified. See Appendix 2 of this report for proposed changes.
2	Councils should include provision in their code of conduct requiring councillors to comply with any formal standards investigation, and prohibiting trivial or malicious allegations by councillors.	New paragraphs 1(6) and (7) should be inserted in the Code – see Appendix 2
3	Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.	An annual review will be programmed into the Audit and Standards Committee work plan. The Monitoring Officer (MO) will seek to ensure that the Code continues to be aligned to that of neighbouring authorities, for local consistency.
4	An authority's code should be readily accessible to both councillors and the public, in a prominent position on the council's website and available in council premises.	The Council already meets this recommendation.
5	Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format.	This register is already updated immediately a councillor declares a gift or hospitality. In addition, Democratic Services remind councillors every December about the need to keep the register current. Each councillor's declarations are published in an accessible format on the Council's website.

6	Councils should publish a clear and straightforward public interest test against which allegations are filtered	The Council already publishes a document explaining how it deals with code of conduct complaints, and the key factors used to decide whether the complaint will be investigated. The MO will amplify those factors to ensure they reflect the public interest.
7	Local authorities should have access to at least two Independent Persons	The Council already meets this recommendation.
8	An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to review and comment on allegations which the Monitoring Officer is minded to dismiss as being without merit, vexatious or trivial.	The Council's process for dealing with complaints about councillor conduct already includes this provision.
9	Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision maker and any sanction applied.	The Council already follows this recommendation, except that the view of the Independent Person has not been reported as a separate item in the decision notice. This will be included in future.
10	A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.	The Council already meets this recommendation
11	Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk, in all but exceptional circumstances.	Should the MO receive a complaint of this nature, he/she will refer it back to the town or parish council if it is not submitted by the appropriate person or body.
12	Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They	Up until now, the MO has provided this advice and support to parish or town councils when requested. She has also spoken collectively to parish councils via

	should be provided with adequate training, corporate support and resources to undertake this work.	the Surrey & Sussex Associations of Local Councils. The MO will consult SSALC over the most appropriate form of further advice and support she could offer.
13	A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the MO from a different authority to undertake the investigation.	Under the Council's arrangements for dealing with councillor misconduct, the MO already has discretion to appoint a different person (if suitably qualified), from within or outside the Council, to conduct the investigation.
14	Councils should report on separate bodies they have set up or which they own, as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principles of openness, and publish their board agendas and minutes and annual reports in an accessible place.	With effect from 2020, the annual governance statement will report on this relationship. The annual reports of the companies set up by the Councils (e.g. EHL, EHICL, LHICL) are accessible via the Councils' website.
15	Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.	The MO does, where appropriate, meet the relevant group leader to discuss a standards matter affecting one or more their members. Given the relatively low number of complaints, this is when required rather than on a regular basis.

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Lewes District Council

Meeting:	Full Council
Date:	25 September 2019
Subject:	Members' Code of Conduct
Report of:	On behalf of Audit and Standards Committee

The Council is asked to note the minute and resolution of the Audit and Standards Committee held on 16 July 2019 in relation to the Code of Conduct and approve the updated Code of Conduct.

The Council is recommended to:-

Approve the Code of Conduct for Members as amended.

Minute Extracts

Audit and Standards Committee – 16 July 2019.

The Assistant Director, Legal and Democratic Services, presented the report which detailed the Council's response to the Committee for Standards in Public Life's (CSPL) best practice recommendations. Amending the Code of Conduct for Members. The appendices to the report included a number of amendments that would deliver best practice for the Council.

Many of the issues experienced and complaints received were at town and parish level. The response to the recommendations followed the approach taken by East Sussex County Council and recognised the need to define references in the Code to bullying and harassment.

The Committee asked the following questions and officers responded:

- Were local councils required to accept the amendments to the Code of Conduct when adopted? - Local Councils had their own Codes of Conduct and some were very similar to this Council's Code. Difficulties often arose where slimmed down versions were used. A draft of the amended Code of Conduct has been sent to the Chief Executive of Sussex and Surrey Association of Local Councils (SSALC). Local councils were encouraged to use up-to-date versions when adopted by the Council.
- Did the Council hold a log of all codes of conduct adopted by Town and Parish Councils in the Lewes district, and would a review be considered? Whilst not a legal requirement the Democratic Services does keep a copy of those Codes of Conduct in use by towns and parishes within the district. The District Council will review its own code annually and share any changes and updates made with the SSALC

Chief Executive.

- To what extent was a Councillor's conduct governed by the Code? The Code deals with the conduct expected of members of the Council when they are acting in that capacity. Members need to be mindful of this, in particular when posting comments on social media.

It was agreed that an amendment to the Code of Conduct be recommended to Full Council for adoption. That 'any reasonable request' be included in 1 (6) of Part 1 – General Provisions (page 36 of the agenda). The section would read that: 'Councillors must comply with any reasonable request regarding the provision of information in relation to a complaint that alleges a breach of the Code of Conduct'.

RESOLVED that:

- 1) The response (at Appendix 1) to CSPL's best practice recommendations be approved, subject to the amendment above; and
- (2) The Code of Conduct for Members set out in Appendix 2 with the amendment above be recommended to Full Council for adoption.

For a copy of the report please contact Democratic Services:

Tel. (01273) 471600. E-mail: committees@lewes-eastbourne.gov.uk

A copy may be downloaded on the Council's website by following the link below:

<https://democracy.lewes-eastbourne.gov.uk/ieListDocuments.aspx?CId=423&MId=2998&Ver=4>

PART 5
CODES AND PROTOCOLS

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Code of Conduct of Members of the Council (including Guidance for Members on the Code of Conduct and its interpretation)	L1
Register of Interests of Members and Co-opted Members of the Council	M1
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Protocol on Member/Officer Relations	O1
Protocol on Key Decisions	P1

Part 5

On their election or co-option to the Lewes District Council, members are required to sign an undertaking to comply with the authority's Code of Conduct.

The Code of Conduct, adopted by the authority on 19 July 2012 is set out below. It is made under Chapter 7 of the Localism Act 2011 and includes, as standing orders made under Chapter 7 of that Act and Schedule 12 of the Local Government Act 1972, provisions which require members to leave meetings in appropriate circumstances, while matters in which they have a personal interest are being considered.

PART 1

GENERAL PROVISIONS

1 Introduction and Interpretation

- (1) The Code applies to you as a member of the authority, when acting in that capacity.
- (2) This Code is based upon seven principles fundamental to public service, which are set out in Appendix 1. You should have regard to these principles, they will help you to comply with the Code.
- (3) If you need guidance on any matter under this Code you should seek it from the authority's monitoring officer or your own legal adviser – but it is entirely your responsibility to comply with the provisions of this Code.
- (4) It is a criminal offence to fail to notify the authority's monitoring officer of a disclosable pecuniary interest, to take part in discussions or votes at meetings, or to take a decision where you have a disclosable pecuniary interest, without reasonable excuse. It is also an offence to knowingly or recklessly provide false or misleading information to the authority's monitoring officer.
- (5) Any written allegation received by the authority that you have failed to comply with this Code will be dealt with by the authority under the arrangements which it has adopted for such purposes. If it is found that you have failed to comply with the Code, the authority has the right to have regard to this failure in deciding –
 - (a) whether to take action in relation to you, and
 - (b) what action to take.
- (6) Councillors must comply with any reasonable request by the Monitoring Officer, the Deputy Monitoring Officer or an investigating officer appointed by them, regarding the provision of information in relation to a complaint that alleges a breach of the

Code of Conduct, and must comply with any formal standards investigation.

(7) Councillors must not misuse the standards process by, for example, making trivial or malicious allegations against another councillor.

(68) In this Code –

“authority” means Lewes District Council

“Code” means this Code of Conduct

“co-opted member” means a person who is not a member of the authority but who –

- (a) is a member of any committee or sub-committee of the authority; or
- (b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority.

and who is entitled to vote on any question that falls to be decided at any meetings of that committee or sub-committee.

“meeting” means any meeting of

- (a) the authority;
- (b) the executive of the authority;
- (c) any of the authority’s or its executive’s committees, sub-committees, joint committees, joint sub-committees, or area committees.

“member” includes a co-opted member.

“register of members’ interests” means the authority’s register of members’ pecuniary and other interests established and maintained by the authority’s monitoring officer under section 29 of the Localism Act 2011.

2 Scope

- (1) Subject to sub-paragraphs (2) and (3), you must comply with this Code whenever you –
 - (a) conduct the business of your authority (which, in this Code, includes the business of the office to which you are elected or appointed); or

- (b) act, claim to act or give the impression you are acting as a representative of your authority.

and references to your official capacity are construed accordingly.

- (2) this Code does not have effect in relation to your conduct other than where it is in your official capacity.
- (3) Where you act as a representative of your authority –
 - (a) on another relevant authority, you must, when acting for that other authority, comply with that other authority's code of conduct; or
 - (b) on any other body, you must, when acting for that other body, comply with your authority's code of conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.

3 General Obligations

- (1) You must treat others with respect.
- (2) You must not –
 - (a) do anything which may cause your authority to breach any of its equality duties (in particular set out in the Equality Act 2010);
 - (b) bully or harass any person;

(Bullying means offensive, intimidating, malicious or insulting behaviour, or an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient.

Harassment means unwanted conduct which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for an individual.

For examples of conduct that constitute bullying or harassment, see Appendix 2.)
 - (c) intimidate or improperly influence or attempt to intimidate or improperly influence any person who is or is likely to be –
 - (i) a complainant;
 - (ii) a witness; or

- (iii) involved in the administration of any investigation or proceedings, in relation to an allegation that a member (including yourself) has failed to comply with his or her authority's code of conduct; or
- (d) do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, your authority.

4 You must not –

- (a) disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where:
 - (i) you have the consent of the person authorised to give it;
 - (ii) you are required by law to do so;
 - (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
 - (iv) the disclosure is –
 - (a) reasonable and in the public interest; and
 - (b) made in good faith and in compliance with the reasonable requirements of the authority; or
- (b) prevent another person from gaining access to information to which that person is entitled by law.

5 You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute.

6 You –

- (a) must not use or attempt to use your position as a member improperly to confer on or secure for yourself or any other person, an advantage or disadvantage;
- (b) must, when using or authorising the use by others of the resources of your authority –
 - (i) act in accordance with your authority's reasonable requirements;
 - (ii) ensure that such resources are not used improperly for political purposes (including party political purposes); and

(c) must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

7 (1) When reaching decisions on any matter you must have regard to any relevant advice provided to you by –

(a) your authority's chief finance officer; or

(b) your authority's monitoring officer;

where that officer is acting pursuant to his or her statutory duties.

(2) You must give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by your authority.

Part 2

INTERESTS

8 Personal Interests

- (1) The interests described in paragraphs 8(3) and 8(5) are your personal interests and the interests in paragraph 8(5) are your pecuniary interests which are disclosable pecuniary interests as defined by section 30 of the Localism Act 2011.
- (2) If you fail to observe Parts 2 and 3 of the Code in relation to your personal interests –
 - (a) the authority may deal with the matter as mentioned in paragraph 1(5) and
 - (b) if the failure relates to a disclosable pecuniary interest, you may also become subject to criminal proceedings as mentioned in paragraph 1(4).
- (3) You have a personal interest in any business of your authority where either –
 - (a) it relates to or is likely to affect –
 - (i) any body of which you are a member or in the position of general control or management and to which you are appointed or nominated by your authority;
 - (ii) any body –
 - (a) exercising functions of a public nature;
 - (b) directed to charitable purposes; or
 - (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),

of which you are a member or are in a position of general control or management;
 - (iii) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £50; or
 - (b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of (in the case of

authorities with electoral divisions or wards) other council tax payers, ratepayers or inhabitants of the electoral division or ward, as the case may be, affected by the decision;

- (4) In sub-paragraph (3)(b), a relevant person is –
- (a) a member of your family or a close associate; or
 - (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
 - (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
 - (d) any body of a type described in sub-paragraph (3)(a)(i) or (ii).
- (5) Subject to sub-paragraph (6), you have a disclosable pecuniary interest as defined by section 30 of the Localism Act 2011 in any business of your authority where (i) you or (ii) your partner (which means spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners) has any interest within the following descriptions:

Interest	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.

Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

These descriptions on interests are subject to the following definitions:

"body in which the relevant person has a beneficial interest" means a firm in which the relevant person is a partner, or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

"director" includes a member of the committee of management of an industrial and provident society;

"land" includes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

"M" means the person M referred to in section 30 of the Localism Act 2011;

"member" includes a co-opted member;

"relevant authority" means the authority of which M is a member;

"relevant period" means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) of the Localism Act 2011;

"relevant person" means M or any other person referred to in section 30(3)(b) of the Localism Act 2011;

"securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

- (6) In sub-paragraph (5), any interest which your partner may have is only treated as your interest if you are aware that your partner has the interest.

9 Disclosure of Personal Interests (See also Part 3)

- (1) Subject to sub-paragraphs (2) to (5), where you have a personal interest in any business of your authority and you attend a meeting of your authority at which any matter relating to the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.
- (2) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.
- (3) Where you have a personal interest but, by virtue of paragraph 14, sensitive information relating to it is not registered in your authority's register of members' interests, you must indicate to the meeting that you have a personal interest and, if also applicable, that it is a disclosable pecuniary interest, but need not disclose the sensitive information to the meeting.
- (4) Subject to paragraph 12(1)(b), where you have a personal interest in any business of your authority and you have made an executive decision on any matter in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.
- (5) In this paragraph, "executive decision" is to be construed in accordance with any regulations made by the Secretary of State under section 22 of the Local Government Act 2000.

10 Prejudicial Interest Generally

- (1) Subject to sub-paragraph (2), where you have a personal interest in any business of your authority you also have a prejudicial interest in that business where either –
 - (a) the interest is a disclosable pecuniary interest as described in paragraph 8(5); or
 - (b) the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.

- (2) For the purposes of sub-paragraph (1)(b), you do not have a prejudicial interest in any business of the authority where that business –
- (a) does not affect your financial position or the financial position of a person or body described in paragraph 8;
 - (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 8; or
 - (c) relates to the functions of your authority in respect of –
 - (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
 - (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
 - (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
 - (iv) an allowance, payment or indemnity given to members;
 - (v) any ceremonial honour given to members; and
 - (vi) setting council tax or a precept under the Local Government Finance Act 1992.

11 Interests Arising in Relation to Overview and Scrutiny Committees

You also have a personal interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where –

- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive or another of your authority's committees, sub-committees, joint committees or joint sub-committees; and
- (b) at the time the decision was made or action was taken, you were a member of the executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

12 Effect of Prejudicial Interests on Participation

- (1) Subject to sub-paragraph (2) and (3), where you have a prejudicial interest in any matter in relation to the business of your authority –
 - (a) you must not participate, or participate further, in any discussion of the matter at any meeting, or participate in any vote, or further vote, taken on the matter at the meeting and must withdraw from the room or chamber where the meeting considering the matter is being held –
 - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
 - (ii) in any other case, whenever it becomes apparent that the matter is being considered at that meeting;

unless you have obtained a dispensation from your authority's monitoring officer or standards committee;
 - (b) you must not exercise executive functions in relation to that matter; and
 - (c) you must not seek improperly to influence a decision about that matter.
- (2) Where you have a prejudicial interest in any business of your authority which is not a disclosable pecuniary interest as described in paragraph 8(5), you may attend a meeting (including a meeting of the overview and scrutiny committee of your authority or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.
- (3) Where you can have a prejudicial interest which is not a disclosable pecuniary interest as described in paragraph 8(5), arising solely from membership of any body described 8(3)(a)(i) or 8(3)(a)(ii)(a) then you do not have to withdraw from the room or chamber and may make representations to the committee but may not participate in the vote.

Part 3

REGISTRATION OF INTERESTS

13 Registration of members' interests

- (1) Subject to paragraph 14, you must, within 28 days of –
 - (a) this Code being adopted by the authority; or
 - (b) your election or appointment to office (where that is later), register in the register of members' interests details of –
 - (i) your personal interests where they fall within a category mentioned in paragraph 8(3)(a) and
 - (ii) your personal interests which are also disclosable pecuniary interests where they fall within a category mentioned in paragraph 8(5)

by providing written notification to your authority's monitoring officer.
- (2) Subject to paragraph 14, you must, within 28 days of becoming aware of any new personal interest falling within sub-paragraphs (1)(b)(i) or (1)(b)(ii) or any change to any personal interest registered under sub-paragraphs (1)(b)(i) or (1)(b)(ii), register details of that new personal interest or change by providing written notification to your authority's monitoring officer.

14 Sensitive Information

- (1) Where you consider that the information relating to any of your personal interests is sensitive information, and your authority's monitoring officer agrees, the monitoring officer shall not include details of the interest on any copies of the register of members' interests which are made available for inspection or any published version of the register, but may include a statement that you have an interest, the details of which are withheld under this paragraph.
- (2) You must, within 28 days of becoming aware of any change of circumstances which means that information excluded under paragraph (1) is no longer sensitive information, notify your authority's monitoring officer asking that the information be included in the register of members' interests.
- (3) In this Code, "sensitive information" means information, the details of which, if disclosed, could lead to you or a person connected with you being subject to violence or intimidation.

15 Dispensations

- (1) The Audit and Standards committee, or any sub-committee of the Audit and Standards committee, or the monitoring officer may, on a written request made to the monitoring officer of the authority by a member, grant a dispensation relieving the member from either or both of the restrictions in paragraph 12(1)(a) (restrictions on participating in discussions and in voting), in cases described in the dispensation.
- (2) A dispensation may be granted only if, after having had regard to all relevant circumstances, the Audit and Standards committee, its sub-committee, or the monitoring officer -
 - (a) considers that without the dispensation the number of persons prohibited by paragraph 12 from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business;
 - (b) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business;
 - (c) considers that granting the dispensation is in the interests of persons living in the authority's area;
 - (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without the dispensation each member of the authority's executive would be prohibited by paragraph 12 from participating in any particular business to be transacted by the authority's executive; or
 - (e) considers that it is otherwise appropriate to grant a dispensation.
- (3) A dispensation must specify the period for which it has effect, and the period specified may not exceed four years.
- (4) Paragraph 12 does not apply in relation to anything done for the purpose of deciding whether to grant a dispensation under this paragraph.

Note from Monitoring Officer: Councillors are reminded that quite apart from the Code of Conduct, section 106 of the Local Government Finance Act 1992 restricts the rights of Councillors who are two months or more in arrears with their council tax payments. Any such member must disclose the fact and must not vote at any meeting on decisions being taken which might affect the level of the council tax or the arrangements for administering it. Failure to comply is a criminal offence.

CODE OF CONDUCT OF MEMBERS

As a member or co-opted member of Lewes District Council I have a responsibility to represent the community and work constructively with our staff and partner organisations to secure better social, economic and environmental outcomes for all.

In accordance with the Localism Act provisions, when acting in this capacity I am committed to behaving in a manner that is consistent with the following principles to achieve best value for our residents and maintain public confidence in this authority.

The Seven Principles of Public Life

Selflessness

- 1 Members should act solely in terms of the public interest.

Integrity

- 2 Members must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

- 3 Members must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

- 4 Members are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

- 5 Members should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

6 Members should be truthful.

Leadership

7 Members should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix 2

Non-exhaustive Examples of Bullying and Harassment

With reference to paragraph 3(2)(b) of this Code –

(1) Examples of bullying behaviour include, without limitation:

- spreading malicious rumours, or insulting someone by word or behaviour
- copying memos that are critical about someone to others who do not need to know
- ridiculing or demeaning someone – picking on them or setting them up to fail
- exclusion or victimisation
- unfair treatment
- overbearing supervision or other misuse of power or position
- unwelcome sexual advances – touching, standing too close, display of offensive materials, asking for sexual favours, making decision on the basis of sexual advances being accepted or rejected.
- making threats or comments about job security without foundation
- deliberately undermining a competent worker by overloading or constant criticism
- preventing individuals progressing by intentionally blocking promotion or training opportunities
- invading someone's personal space
- speaking to someone in an overbearing manner
- using aggressive body language
- undermining or belittling someone
- any of the behaviours listed above, occurring on a single, repeated or habitual basis

(2) Examples of harassment include, without limitation:

- making abusive, derogatory, patronising, suggestive or sexualised comments or sounds
- making jokes or insulting gestures or facial expressions
- ridicule
- offensive e-mails, tweets or comments on social networking sites
- trolling via social networking sites
- threats of aggression or intimidation
- making false and malicious assertions
- intrusive questioning about private matters
- display of offensive material
- unwanted comments on dress or appearance

- any of the behaviours listed above, occurring on a single, repeated or habitual basis

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Report To:	Full Council
Date:	25 September 2019
Report Title:	Financial Procedure Rules
Report of:	Homira Javadi, Chief Finance Officer
Cabinet member	Councillor Zoe Nicholson (Leader of the Council and Chair of Cabinet)
Ward(s) Affected:	All
Purpose of report:	To recommend updated Financial Procedure Rules to the Council for approval as part of the Council's Constitution.
Officer recommendation(s):	That Council approve the Financial Procedure Rules attached as Appendix 2 for inclusion as Part 4 of the Council's Constitution.
Reasons for recommendations:	It is a duty of the Chief Finance Officer (CFO) to maintain an up to date set of Financial Procedure Rules to ensure the Council has effective governance of finances in place.
Contact Officer(s)	Name: Homira Javadi Post title: Chief Finance Officer E mail: Homira.Javadi@lewes-eastbourne.gov.uk Telephone number: 01273 085512

1 Introduction

- 1.1** Lewes District Council exercises its powers and duties in accordance with the law and it's Constitution. Part 4 of the Constitution of the Council sets out the Financial Procedure Rules of the Council. These Rules have been the subject of a number of incremental updates over recent years most recently in July 2014. Now that Lewes District Council and Eastbourne Borough Council are working very closely together it is timely that these rules are harmonized between the two councils and updated to reflect best practice.
- 1.2** The remit of the Audit and Standards Committee sets out that it is responsible for exercising the powers to maintain an overview of the Council's constitution in terms of contract procedure rules, financial regulations, and codes of conduct and behaviour. Audit and Standards Committee considered a report on the draft Financial Procedure Rules at its meeting on 16 July, and a report was also presented to Cabinet at its 1 July meeting.

2 Structure of the draft updated Financial Procedure Rules

- 2.1** Good practice and legislation have informed the draft update, including The Role of The Chief Finance Officer (CFO) in Local Government (CIPFA February 2016) and Section 114 of the Local Government Finance Act 1988. The Key elements of the

structure of the draft updated Financial Procedure Rules is set out as follows. Appendix 1 summaries key changes from the current Financial Procedure Rules.

- Introduction (Role of the CFO, a summary of Financial Procedure Rules and responsibilities to the Council, responsibilities of Personal, the CFO, Directors/ Assistant Directors and Heads of Service)
- Financial Planning (This sets out the procedures and responsibilities for budgeting and maintenance of reserves)
- Financial Management (This sets out the procedures and responsibilities for managing income and expenditure)
- Financial Accounting (This sets out the procedures and responsibilities for accounting policies, accounting records and returns and the statement of accounts).
- Control of Resources (This sets out the procedures and responsibilities for internal controls, audit requirements (both internal and external audit), preventing fraud and corruption, assets and treasury management, banking and petty cash.
- Financial Systems and Procedures (This sets out the procedures and responsibilities for systems, security of income and expenditure, taxation and trading accounts and business units (including Local Authority Trading Companies).
- External Arrangements (This sets out the procedures and responsibilities for partnerships, external funding and working for third parties)).

3 Changes following feedback

- 3.1** After the Audit and Standards committee meeting feedback was received from the Assistant Director, Legal and Democratic Services. The wording of 3.1.10 has been updated to take account of this feedback.

4 Financial Appraisal

- 4.1** There are no financial implications arising from the recommendations in this report other than those already contained within existing budgets.

5 Legal Implications

- 5.1** There are no direct legal implications arising from this report.

6 Risk Management Implications

- 6.1** If the Council does not have up to date Financial Procedure Rules reviewed and approved by Full Council, it will not be able to demonstrate that it has in place adequate means to safeguard Council assets and services, and could be subject to criticism from the Council's external auditor or the public.

7 Equality analysis

- 7.1** An equalities impact assessment is not considered necessary because the report is for information only and involves no key decisions.

8 Background Papers

The Constitution of Lewes District Council.

<https://www.lewes-eastbourne.gov.uk/about-the-councils/constitutions/>

9 Appendices

9.1 Appendix 1 – Key Changes to Financial Procedure Rules.

Appendix 2 – Lewes District Council Draft Financial Procedure Rules

Appendix 3 – Referral from Audit and Standards Committee

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APPENDIX 1: Key Changes from the previous Financial Procedure Rules

Overall – July 2019 Draft is structured outlining individual responsibilities under each section, and generally contains greater detail.

July 2019 Draft	Current	Comments
<p>1. Introduction Role of the CFO, a summary of Financial Procedure Rules and responsibilities to the Council, responsibilities: Personal, CFO, Directors/ Assistant Directors and Heads of Service.</p>	<p>Introduction</p> <p>1. Financial Administration</p>	<p>Outlines overall responsibilities and greater detail.</p>
<p>1. Financial Planning Procedures and responsibilities for budgeting and maintenance of reserves</p>	<p>2. Financial Planning</p>	<p>Covers revenue and capital budget; medium term planning and reserves in detail.</p>
<p>3 Financial Management Procedures and responsibilities for managing income and expenditure.</p>	<p>3. Control on Capital and Revenue Expenditure</p> <p>4. Control of Income</p>	<p>Sets out in detail processes for budget monitoring and control, virement, and emergency expenditure.</p>
<p>4. Financial Accounting. Procedures and responsibilities for accounting policies, accounting records and returns and the statement of accounts</p>	<p>Not covered.</p>	<p>New section.</p>
<p>5. Risk Management and Control of Resources. Procedures and responsibilities for internal controls, audit requirements (both internal and external audit), preventing fraud and corruption, assets and treasury management, banking</p>	<p>5. Audit and Control Arrangements</p> <p>7. Asset Register</p>	<p>More detail on the internal control environment is provided, clearly defining the responsibilities of officers. Reference to specific legislation including the Local Audit and</p>

and petty cash.		Accountability Act 2014 and to CIPFA's Treasury Management in The Public Services: Code of Practice
6 Financial Systems and Procedures Procedures and responsibilities for systems, security of income and expenditure, taxation and trading accounts and business units (inc. Local Authority Trading Companies)	8. Salaries Wages and Pensions	New section covering range of areas in more detail.
7 External Arrangements. Procedures and responsibilities for partnerships, external funding and working for third parties	Not covered.	

LEWES DISTRICT COUNCIL

DRAFT FINANCIAL PROCEDURE RULES

JULY 2019

1. INTRODUCTION

1.1 Role of the Chief Finance Officer (CFO)

1.1.1. Financial Procedure Rules are designed to maintain an acceptable standard of financial administration. They must be available to and followed by all Officers, Members and agents acting for the Council. Together with Standing Orders they regulate the conduct of the Council's business.

1.1.2. Section 151 of the Local Government Act 1972 requires every local authority "to make arrangement for the proper administration of their financial affairs and ensure that one of their officers has responsibility for the administration of those affairs". The officer designated by the Council as having the statutory responsibility set out in Section 151 is the Chief Finance Officer and the Deputy Chief Finance Officer is the designated deputy.

1.1.3. The Chartered Institute of Public Finance and Accounting (CIPFA) "Statement on the Role of the Chief Financial Officer (CFO) in Local Government 2016" defines the role of a CFO as:

- a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and
- must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

1.1.4. To deliver these responsibilities the CFO:

- must lead and direct a finance function that is resourced to be fit for purpose;
- and
- must be professionally qualified and suitably experienced.

1.2 Financial Procedure Rules

1.2.1 The Financial Procedure Rules provide the framework for the financial administration of the Council with a view to ensuring that financial matters are conducted in a sound and proper manner, constitute value for money and minimise the risk of legal challenge. Financial Procedure Rules are not intended to constitute a set of detailed rules to respond to every contingency.

- 1.2.2. All financial decisions and decisions with financial implications must have regard to proper financial control. Any doubt as to the appropriateness of a financial proposal or correctness of a financial action must be clarified in advance of the decision or action with the CFO.
- 1.2.3. Detailed procedure notes and other financial instructions may be issued from time to time by the CFO, where assistance is needed with the interpretation of Financial Procedure Rules.
- 1.2.4. Failure to observe Financial Procedure Rules (including any supplementary procedure notes and financial instructions), may result in action under the Council's disciplinary procedures.
- 1.2.5. These Financial Procedure Rules should be read in conjunction with the Contract Procedure Rules and the Scheme of Delegation.
- 1.2.6. The CFO is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the Council for approval. An annual review shall be undertaken.
- 1.2.7. The CFO is also responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Council and/or to the Cabinet. The CFO is authorised to temporarily suspend Financial Procedure Rules in exceptional circumstances, and where such a suspension is authorised, a written record shall be kept of the reasons for this.
- 1.2.8. Directors, Assistant Directors and Heads of Service are responsible for ensuring that all staff in their Directorates/Services are aware of the existence and content of the Financial Procedure Rules and that they comply with them.

1.3. Responsibilities

To the Council

- 1.3.1 Councillors and employees of the Council are responsible for ensuring that they use the resources and assets entrusted to them in a responsible and lawful manner. They should strive to achieve value for money and avoid legal challenge to the Council.
- 1.3.2. These responsibilities apply equally to councillors and employees when representing the Council on outside bodies.

Personal

- 1.3.3. Any person charged with the use or care of Council resources and assets should make themselves aware of the Council's requirements under the Financial Procedure Rules. If anyone is in any doubt as to their obligations, then they should seek advice. Unresolved questions of interpretation should be referred to the CFO.

- 1.3.4. All employees must report immediately to their manager, supervisor or other responsible senior Officer any illegality, impropriety, serious breach of procedure or serious deficiency in the provision of services that they suspect or become aware of. Employees are able to do this without fear of recrimination providing they act in good faith via the Council's Whistle Blowing Policy. Compliance with the Council's Anti-Fraud and Corruption Strategy and the Code of Conduct for Officers is mandatory for all Officers.

Chief Finance Officer

- 1.3.5. Section 114 of the Local Government Finance Act 1988 requires the CFO to report to Council, Cabinet, and the External Auditor if the Council, any of its committees, or any person holding any office or employment with the Council:

- Has made, or is about to make, a decision which involves, or would involve, the authority incurring unlawful expenditure;
- Has taken, or is about to take, unlawful action which has resulted, or would result, in a loss or deficiency to the Council; or
- Is about to make an unlawful entry in the Council's accounts.

- 1.3.6. Section 114 of the 1988 Act also requires:

- The CFO to nominate a properly qualified member of staff to deputise should they be unable to perform the duties under section 114 personally; and
- The Council to provide the CFO with sufficient staff, accommodation and other resources, as are in his/her opinion sufficient to carry out his/her duties under Section 114.

- 1.3.7. The CFO has a range of general responsibilities, which underpin an overriding responsibility to ensure the proper administration of the financial affairs of the Council. These include:

- Setting financial management standards and to monitor compliance with them;
- Ensuring proper professional practices are adhered to, and to act as head of profession in relation to the standards, performance and development of finance staff throughout the Council;
- Advising on the key strategic controls necessary to secure sound financial management; and
- Ensuring that financial information is available to enable accurate and timely monitoring and reporting of financial and non-financial performance indicators.

Directors/ Assistant Directors and Heads of Service

- 1.3.8. Directors/ Assistant Directors and Heads of Service are responsible for ensuring that the Financial Procedure Rules are observed throughout all areas under their control and shall:
- Provide the CFO with such information and explanations as the CFO feels is necessary to meet their obligations under the Financial Procedure Rules;
 - Consult with the CFO and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred;
 - Ensure that Cabinet Councillors are advised of the financial implications of all significant proposals and that the financial implications have been agreed by the CFO;
 - Inform the CFO of failures of financial control resulting in additional expenditure or liability, or loss of income or assets;
 - Wherever any matter arises which may involve irregularities in financial transactions consult with the CFO and, if a serious irregularity is confirmed, the matter shall be reported to the Chief Executive, appropriate Cabinet Member and Assistant Director HR and Transformation; and
 - Ensure the legality of their Directorate/Service's actions.
- 1.3.9. Directors/ Assistant Directors and Heads of Service are also responsible for:
- Promoting the financial management standards set by the CFO in their departments and to monitor adherence to the standards and practices, liaising as necessary with the CFO; and
 - Promoting sound financial practices in relation to the standards, performance and development of staff in their service areas.

2. FINANCIAL PLANNING

2.1. Budgeting

a) Budget Format

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

CFO Responsibilities

- 2.1.1. Advise Cabinet on the format and content of the budget to be approved by Council.

Directors/Assistant Directors and Heads of Service

- 2.1.2. Comply with budgetary guidance provided by CFO.

b) Budget and Medium Term Planning

The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighted priorities. The budget is the financial expression of the Council's plans and policies. The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of Council. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for a Council to budget for a deficit. Medium-term planning involves a cycle in which managers develop their own plans in conjunction with the CFO. As each year passes, another future year will be added to the Medium-Term Financial Strategy (MTFS). This ensures that the Council is always preparing for events in advance.

CFO Responsibilities

- 2.1.3. Prepare and submit reports on revenue budget forecasts to Cabinet, including resource constraints set by Government. Reports should take account of medium-term forecasts, where appropriate.
- 2.1.4. Determine detailed form of revenue budgets and the methods for preparation, consistent with the budget approved by Council, and after consultation with Cabinet, Directors/Assistant Directors and Heads of Service.
- 2.1.5. Prepare and submit reports to Cabinet on aggregate spending plans of service areas and on the resources available to fund them, identifying, where appropriate, implications for the level of taxation to be levied.
- 2.1.6. Advise on the medium-term implications of spending decisions and alternative options.
- 2.1.7. Work with Directors/Assistant Directors and Heads of Service, and all Council Officers, to identify opportunities to improve economy, efficiency and effectiveness, encouraging good practice financial appraisals of development or savings options, and in developing the financial aspects of service planning.
- 2.1.8. Advise Council on Cabinet proposals in accordance with responsibilities under Section 151 of the Local Government Act 1972.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 2.1.9. Prepare detailed draft revenue budgets in consultation with the CFO, for submission to Cabinet and approval by Council.
- 2.1.10. Integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- 2.1.11. When drawing up draft revenue budgets, have regard to spending/income patterns and pressures, volatility to external influences, legal requirements, policy requirements, initiatives already underway and external grants and contributions.

c) Capital Programme

Capital expenditure involves acquiring or enhancing fixed assets with long-term value to the Council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

CFO Responsibilities

- 2.1.12. Prepare capital budgets jointly with Directors/ Assistant Directors and Heads of Service and report them to Cabinet for approval. The Cabinet will make recommendations on the capital budgets and on any associated financing requirements to Council. Cabinet Member approval is required where a Director/ Assistant Director and Head of Service proposes to bid for or exercise additional borrowing, not anticipated in the Capital Programme (extra borrowing will create future commitments to financing costs).
- 2.1.13. Prepare and submit reports to Cabinet on projected income, expenditure and resources compared with approved budgets.
- 2.1.14. Issue guidance on capital schemes and controls e.g. revenue costs, project appraisal techniques. The definition of capital will be determined by the CFO, having regard to government regulations and accounting requirements.
- 2.1.15. Obtain Cabinet authorisation for individual schemes where estimated expenditure exceeds Capital Programme provision by more than 10% or £50,000 whichever is the lower (subject to minimum overspend of £5,000).

Directors/ Assistant Directors and Heads of Service Responsibilities

- 2.1.16. Comply with guidance on capital projects and controls issued by CFO.
- 2.1.17. Develop and implement asset management plans in conjunction with CFO.

- 2.1.18. Ensure that all capital projects have undergone a robust appraisal which has been approved by Financial and Legal Services, before being presented and discussed by the appropriate management group.
- 2.1.19. Prepare regular reports reviewing Capital Programme provisions for their services, and prepare a quarterly return of estimated final costs of schemes in the approved Capital Programme for submission to CFO.
- 2.1.20. Ensure adequate records are maintained for all capital contracts.
- 2.1.21. In consultation with the CFO, accelerate the progress of a scheme by deferring the start of another scheme in that year's programme or, if delays are occurring generally, may bring forward a scheme programmed to start in a later year.
- 2.1.22. Proceed with projects only when there is adequate provision in the Capital Programme, following Cabinet or Council approval, and with the agreement of the CFO where required. Cabinet can approve projects up to a cumulative value of £500,000 (General Fund) and £500,000 (Housing Revenue Account) in any one financial year. Projects that breach the £500,000 limits – either alone or cumulatively – require Council approval.
- 2.1.23. Prepare and submit reports, jointly with the CFO, to Cabinet, of any variation in contract costs greater than approved limits. The Cabinet may meet cost increases of up to 5% of the project by virement from identified savings arising from other projects within the capital programme.
- 2.1.24. Prepare and submit reports, jointly with the CFO, to Cabinet on completion of schemes where the final expenditure varies from the approved budget by more or less than 10% or £50,000 whichever is the lower (subject to minimum overspend/underspend of £5,000).
- 2.1.25. Ensure credit arrangements, such as leasing agreements, are not entered into without prior CFO approval, who will need to undertake an assessment of the type of lease arrangement being entered into and, if applicable, approval of the scheme through the Capital Programme.
- 2.1.26. Consult with the CFO and seek Cabinet approval where Director/ Assistant Director and Head of Service proposes to bid for Government approvals to support expenditure that has not been included in current year's Capital Programme.

2.2. Maintenance of Reserves

The Council must decide the minimum level of General Reserves it wishes to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. There are also reserves earmarked for specific purposes.

CFO Responsibilities

- 2.2.1. To advise Cabinet and/or Council on prudent levels of reserves for the Council, and to take account of the advice of CIPFA in this matter.

Directors/ Assistant Directors and Heads of Service Responsibilities

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

3. FINANCIAL MANAGEMENT

3.1. Managing Income and Expenditure

a) Budget Monitoring and Control

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

By continuously identifying and explaining variances against budget targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within an annual revenue limit, approved when setting the annual budget. To ensure that the Council does not overspend in total, each service is required to manage its own income and expenditure within the budget allocated to it. For the purposes of budgetary control by managers, a budget will usually be the planned income and expenditure excluding support and capital charges, for a Department.

CFO Responsibilities

- 3.1.1. Submit reports to Cabinet and Council, in consultation with the relevant Director/ Assistant Director and Head of Service, where a Director/ Assistant Director and Head of Service's expenditure and resources are significantly outside the approved budgets under their control.

- 3.1.2. Prepare and submit quarterly reports on the Council's projected income and expenditure compared with the budget to the Cabinet.
- 3.1.3. Establish an appropriate framework of budgetary management and control that ensures that:
- Budget management is exercised within the approved budget unless Cabinet approves a supplementary estimate;
 - Each Director/Assistant Director and Head of Service has timely information on income and expenditure on each budget which is sufficiently detailed to enable managers to monitor their budgetary responsibilities;
 - As a minimum, quarterly updates are held between a Head of Service, budget holder and their Finance representative;
 - Expenditure is committed only against the approved budget cost centre;
 - All Officers responsible for income and expenditure, comply with the relevant guidance and the Financial Procedure Rules;
 - Each cost centre has a single named manager, designated by the relevant Director/Assistant Director and Head of Service. As a general principle, budgetary responsibility should be aligned as closely as possible to the decision-making processes that commit expenditure; and
 - Significant variances from approved budget are investigated and reported by budget holders monthly and advised to the Strategic Management Team and Cabinet.
- 3.1.4. Administer the Council's Scheme of Virement (refer to subsection b) below).
- Directors/ Assistant Directors and Heads of Service Responsibilities**
- 3.1.5. Consult with CFO on any matter which is liable materially to affect the finances of the Council before any provision or other commitment is incurred and before reporting to Members.
- 3.1.6. Maintain budgetary control within their services, in adherence to the principles above, and to ensure that all income and expenditure is properly recorded and accounted for.
- 3.1.7. Ensure that an accountable budget holder is identified for each item of income and expenditure under the control of the Director/ Assistant Director and Head of Service (grouped together in a series of department codes). Budget responsibility should be aligned as closely as possible to the decision-making that commits the expenditure.
- 3.1.8. Ensure that spending remains within the service's overall budget limit, and that individual budget heads are not overspent, by monitoring and taking

appropriate corrective action where significant variations from the approved budget are forecast and to report these to the CFO. This regulation shall also apply to any action or decision, which will give rise to a reduction in income.

3.1.9. Ensure that a monitoring process is in place to review performance levels in conjunction with the budget and is operating effectively within the guidelines set down by the CFO.

3.1.10 Obtain prior approval from the relevant Cabinet portfolio holder, Cabinet or Council, as appropriate, for new proposals (Supplementary Estimates) outside of the budget and policy framework in accordance with the following rules:

Capital programme:

- If a supplementary estimate is less than 10% of the original budget estimate or £250,000 (whichever is the higher), obtain written approval of the Cabinet portfolio holder in consultation with the CFO and relevant Director/Assistant Director (if any). Make a record for audit purposes.
- If a supplementary estimate is greater than £250,000, obtain Cabinet approval
- If the cumulative Cabinet approvals in any single financial year will exceed £500,000 individually for the General Fund and/or the HRA, obtain Council approval.

Revenue Budget:

- If a supplementary estimate is £50,000 or less, obtain written approval of the Cabinet portfolio holder in consultation with the CFO and relevant Director/Assistant Director (if any). Make a record for audit purposes.
- If a supplementary estimate exceeds £50,000, obtain Cabinet approval
- If the cumulative Cabinet approvals in any single financial year will exceed £500,000 individually for the General Fund and/or the HRA, obtain Council approval”

3.1.11 Ensure compliance with Scheme of Virement (refer to subsection b) below).

3.1.12 Consult with the relevant Director/ Assistant Director and Head of Service, where it appears that a budget proposal, including a virement proposal, may impact on another service area or another Director/ Assistant Director or Head of Service’s service activity, prior to any action being taken.

b) Virement

A virement is the transfer between budgets that enables Cabinet, Directors, Assistant Directors and Heads of Service and their staff, to manage budgets with a degree of flexibility within the overall budget and policy framework determined by the Council, and therefore to optimise the use of resources.

3.1.13 The Scheme of Virement is administered by the CFO within guidelines set by Council and any variation from the Scheme requires Council approval.

3.1.14 Virement does not create additional overall budget liability and should not be used to create additional budget demand in future years.

3.1.15 Virement is not allowed:

- From capital financing charges, interest credits, council tax and housing benefit payments and projects financed by external grants and contributions, corporate finance costs (e.g. bank charges), precepts etc. or internal recharges (e.g. departmental support service recharges); or
- For a transfer of resources between funds or Capital projects.

3.1.16 Virement is only allowed from employee costs with the approval of the CFO and after consideration of the overall budget position on employees, since the budget anticipates savings on employee budgets from natural staff turnover.

CFO Responsibilities

3.1.17 Prepare, jointly, with the relevant Director/Assistant Director and Head of Service a report to Cabinet on proposed virements, where required under the Scheme.

Directors/ Assistant Directors and Heads of Service Responsibilities

3.1.18 Directors/Assistant Directors and Heads of Service may exercise virement on budgets under their control for gross amounts up to £30,000 in total (cumulative within a single financial year), within Departmental budgets or between Departmental budgets within the same Service budget (any combination thereof), following the approval of the CFO and subject to the conditions in paragraphs 3.1.19 to 3.1.22 below.

3.1.19 Amounts greater than £30,000 require Portfolio Holder approval, following a joint report by the CFO and the Director/Assistant Director and Head of Service, which must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial year. Each Cabinet Member has a cumulative limit of £250,000 per financial year.

- 3.1.20 Amounts greater than £250,000 require Cabinet approval. The Cabinet has a cumulative limit of £500,000 per financial year. Amounts greater than £500,000 require Council approval.
- 3.1.21 Prior Cabinet approval is required for any virement where it is proposed to:
- vire between budgets of different accountable Cabinet Members; and
 - vire between budgets managed by different Directors/ Assistant Directors and Heads of Service.
- 3.1.22 Virements relating to a specific financial year should not be made after 31st March in that year.
- 3.1.23 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:
- The amount is used in accordance with the purposes for which it has been established; and
 - Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the Cabinet.

c) Year-End Balances

The treatment of year-end balances is administered by the CFO within guidelines set by the Council. The rules below cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward.

Year – End Balances (carry forwards)

- 3.1.24 The Scheme of Carry-Forwards is administered by the CFO within guidelines set by Council and any variation from the Scheme requires Council approval.
- 3.1.25 The rules cover arrangements for transferring resources between accounting years (i.e. carry-forwards).

CFO Responsibilities

- 3.1.26 Administer the Scheme of Carry-Forwards within guidelines approved by Council:
- Underspent Capital budgets at year-end will be carried forward in the Capital Programme automatically unless no longer required
 - Underspent Revenue budgets up to £30,000 on individual budgets may be carried forward with CFO approval

- Underspent Revenue budgets in excess of £30,000 on individual budgets may be carried forward with Cabinet approval
- All underspent Revenue budgets approved to be carried forward will be retained in an earmarked reserve.

3.1.27 Report jointly with relevant Director/Assistant Director and Head of Service on all material overspends and underspends on service budgets carried forward to the Cabinet and to Council.

Directors/ Assistant Directors and Heads of Service Responsibilities

3.1.28 Underspends on service budgets up to £30,000 under the control of the Director/Assistant Director and Head of Service may be carried forward with prior CFO approval. Underspends over £30,000 require Cabinet approval.

3.1.29 Take account of Capital underspends carried forward into the following years Capital Programme.

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d) **Emergency Expenditure**

The Council needs a procedure in place for meeting immediate needs if an emergency situation arises in the district.

- 3.1.30 The Chief Executive and CFO shall have authority to approve expenditure on items essential to meet immediate needs created by an emergency or which is referable to Section 138 of the Local Government Act 1972, subject to a subsequent report to Cabinet and/or Council depending on whether or not the expenditure can be met within the current budget framework.
- 3.1.31 The Leader or Deputy Leader (having received report from Chief Executive and CFO), shall have power to incur expenditure essential to meet immediate needs created by an emergency, or which is referable to Section 138 of the Local Government Act 1972 (or subsequent legislation) which is not otherwise authorised, or where it is necessary in the Council interest to settle legal proceedings. A subsequent report shall be submitted to Cabinet and/or Council, depending on whether or not the expenditure can be met within the current budget framework.
- 3.1.32 The CFO will ensure, retrospectively, the submission of a claim for reimbursement under the “Bellwin Scheme” for any eligible emergency costs incurred i.e. costs incurred on, or in connection with, immediate actions to safeguard life and property or to prevent suffering or severe inconvenience as a result of a disaster or emergency in the district. Grant is limited by Section 155 of the Local Government and Housing Act 1989 and local authorities are expected to have budgeted for a certain amount of emergency expenditure (the ‘threshold’).

4 FINANCIAL ACCOUNTING

4.1 Accounting Policies

The CFO is responsible for preparing the Council’s Statement of Accounts, in accordance with proper practices as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) issued by (CIPFA/LASAAC), for each financial year.

CFO Responsibilities

- 4.1.11 Select suitable accounting policies and ensure they are applied consistently. Accounting policies are set out in the annual Statement of Accounts.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 4.1.12 Adhere to accounting policies, timetables and guidelines approved by the CFO.

4.2 Accounting Records

Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for the stewardship of public resources. The Council has a statutory responsibility to prepare an annual Statement of Accounts that give a “true and fair view” of the financial position and transactions of the Council. The accounting records are subject to external audit. The audit provides assurance that the Statement of Accounts have been prepared properly, that proper accounting practices have been followed and that robust arrangements have been made for securing economy, efficiency and effectiveness in the use of Council resources.

CFO Responsibilities

- 4.2.11 Determine the accounting procedures and records for the Council. Where these are maintained outside of Financial Services, the CFO should consult the Director/Assistant Director and Head of Service concerned.
- 4.2.12 Arrange for the compilation of all accounts and accounting records under his or her direction.
- 4.2.13 Comply with the following principles when allocating accounting duties:
- Separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them; and
 - Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- 4.2.14 Ensure that claims for funds, including grants, are made by the due date.
- 4.2.15 Make proper arrangements for the audit of the Council's Statement of Accounts in accordance with the latest Accounts and Audit (England) Regulations.
- 4.2.16 Prepare and publish the Statement of Accounts for each financial year in accordance with the statutory timetable, and present audited Statements for approval by the Audit and Standards Committee before 31st July each year. Submit provisional outturn results for financial year to Cabinet as soon as practicable.
- 4.2.17 Ensure the retention of financial documents in accordance with the Council's Document Retention Policy.
- 4.2.18 Undertake or receive monthly reconciliations for all fundamental IT financial systems and sign off as evidence of CFO's review.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 4.2.19 Consult and obtain the approval of the CFO before making changes to accounting arrangements, records and procedures.
- 4.2.20 Comply with segregation of duties principles outlined in Paragraph 4.2.3 when allocating accounting duties.
- 4.2.21 Maintain records that provide a management trail, leading from income/expenditure source through to the accounting statements, and carry out regular monthly reconciliations of fundamental IT financial systems to the Council's corporate financial management information system.
- 4.2.22 Supply information required to enable the Statement of Accounts to be completed by the statutory deadline of 31st May each year and in accordance with guidelines issued by the CFO.

4.3 Statement of Accounts

The Council has a statutory responsibility to prepare its own Statement of Accounts, which give a "true and fair view" of the financial position and transactions of the Council.

The Audit & Standards Committee is responsible for approving the statutory annual Statement of Accounts.

CFO Responsibilities

- 4.3.11 Select suitable accounting policies and to apply them consistently.
- 4.3.12 Make judgements and estimates that are reasonable and prudent.
- 4.3.13 Ensure compliance the CIPFA/LASAAC Accounting Code of Practice.
- 4.3.14 Sign and date the Statement of Responsibilities with the Statement of Accounts, stating it gives a true and fair view of the financial position and transactions of the Council (including group financial statements where applicable) at the year ended 31st March.
- 4.3.15 Draw up the timetable for final accounts preparation and to advise Officers and external auditors accordingly.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 4.3.16 Comply with accounting guidance provided by the CFO and supply the CFO with information when required.

5 RISK MANAGEMENT AND CONTROL OF RESOURCES

5.1 Risk Management

All organisations, whether in the private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk Management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure its continued financial and organisational wellbeing. In essence it is an integral part of good business practice. Risk Management is concerned with evaluating the measures an organisation already has in place to manage perceived risks and then recommend the actions the organisation needs to take to control these risks effectively. The Audit and Governance Committee monitors the effective development and operation of Risk Management, and it is the overall responsibility of Cabinet to approve the Risk Management Strategy, and to promote a culture of risk management awareness throughout the Council.

CFO Responsibilities

- 5.1.11 Develop and maintain a Risk Management Strategy.
- 5.1.12 Develop and maintain a Risk Register.
- 5.1.13 Develop and promote a proactive and positive corporate Risk Management culture, including awareness and the implementation and maintenance of Risk Management controls.
- 5.1.14 Include all appropriate employees in suitable Fidelity Guarantee insurance cover.
- 5.1.15 Arrange suitable corporate insurance cover, through external insurance and internal funding, and negotiate claims for losses in consultation with other Officers, and partner organisations, where necessary.

Directors/Assistant Directors and Heads of Service Responsibilities

- 5.1.16 Promote a proactive and positive Risk Management culture within service area, including raising awareness and the implementation and maintenance of Risk Management controls.
- 5.1.17 Show due regard to advice from specialist Officers (e.g. health and safety) and review risks through the Service Planning process at least quarterly.
- 5.1.18 Promptly notify CFO of all significant new risks, properties, vehicles or other assets that require insurance and of any alterations affecting existing insurances and to provide information when requested.

- 5.1.19 Immediately notify CFO of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the CFO or the Council's insurers.
- 5.1.20 Consult with the CFO and the Assistant Director Legal and Democratic Services on the terms of any indemnity that the Council is requested (or has offered) to give.
- 5.1.21 Ensure that employees, or anyone covered by Council insurance, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

5.2 Internal Controls

The Council is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives and to monitor compliance with statutory obligations.

The Council faces a wide range of financial, legal, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks and to protect the Council from the impact of uncertainties.

CFO Responsibilities

- 5.2.11 Assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- 5.2.12 Ensure an effective internal audit function is resourced and maintained.
- 5.2.13 Ensure that the Council has put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.
- 5.2.14 Ensure an effective audit committee is developed and maintained.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 5.2.15 Ensure that external auditors are given access at all reasonable times to premises, human resources, documents and assets which the external auditors consider necessary for the purposes of their work.
- 5.2.16 Ensure that all records and systems are up to date and available for inspection.
- 5.2.17 Review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the CFO.

Directors/ Assistant Directors and Heads of Service should also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.

- 5.2.18 Ensure Officers have a clear understanding of the consequences of lack of control.

5.3 Audit Requirements

a) Internal Audit

The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. More specific requirements are set out in the Accounts and Audit Regulations 2015, which require the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Chief Executive

- 5.3.11 Ensure that the Chief Internal Auditor has direct access to and freedom to report in his or her own name and without fear or favour to the Chief Executive and the CFO, the Cabinet and the Audit & Standards Committee, all levels of management, Officers and elected Councillors. This should include the ability to meet the Chair of the Audit & Standards Committee alone (outside of the Committee meeting) and External Auditors to discuss significant concerns that they may have over the adequacy and effectiveness of internal controls and risk management activities.

CFO Responsibilities

- 5.3.12 Implement appropriate measures to prevent and detect fraud and corruption and ensure that effective procedures are in place to investigate promptly any identified fraud or irregularity.
- 5.3.13 Report to Cabinet requesting additional funding where insufficient internal audit resources have been identified.

Chief Internal Auditor Responsibilities

- 5.3.14 Ensure that Internal Audit has unrestricted access to all information (including records, computer files, property and personnel) and activities undertaken by the Council, and those of partner organisations and third party service providers where contract terms include Internal Audit access rights.
- 5.3.15 Assisting the CFO in discharging their responsibilities under Section 151 of the Local Government Act 1972 in relation to internal controls.

- 5.3.16 Providing and maintaining an Internal Audit function which meets the requirements of the Public Sector Internal Audit Standards (PSIAS).
- 5.3.17 Developing and delivering an Annual Audit Plan for the Council using a risk based methodology. Following consultation with the Chief Executive Officer, CFO and CMT, the Chief Internal Auditor will submit such plan to the Audit & Standards Committee for review and approval prior to the commencement of each financial year.
- 5.3.18 Providing an annual Internal Audit opinion, compliant with PSIAS requirements, which informs the Annual Governance Statement on how the Council's control environment, including risk management processes, accounting records, governance and value for money arrangements, established by management, are operating within the Council.
- 5.3.19 Issuing other reports which provide assurance to the Chief Executive, CFO, Monitoring Officer and the Strategic Management Team, and making recommendations for improvement.
- 5.3.20 Comply with any requests from the External Auditor or access to any information, files or working papers obtained or prepared during audit work that is required to discharge their responsibilities.
- 5.3.21 Reporting to the Chief Executive, CFO and the Audit and Standards Committee, if the Chief Internal Auditor concludes that resources are insufficient.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 5.3.22 Ensure that Internal Audit are given access at all reasonable times to premises, human resources, documents and assets that the auditors consider necessary for the purposes of their work.
- 5.3.23 Ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 5.3.24 Consider and respond promptly to recommendations/actions in Internal Audit reports.
- 5.3.25 Ensure that agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 5.3.26 Notify the Chief Internal Auditor immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of Council property, assets or resources. Pending investigation and reporting, the Director/ Assistant Director or Head of Service should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

5.3.27 Ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Chief Internal Auditor prior to implementation.

b) External Audit

The Local Audit and Accountability Act 2014 (“the Act”) sets out the framework for audit of local authorities. It replaces the provisions of the Audit Commission Act 1998 following the closure of the Audit Commission. The duties and responsibilities of external auditors are primarily set out in Part 5 of the Act and reflected in a Code of Audit Practice issued by the National Audit Office.

The Statement of Accounts is scrutinised by the external auditors, who must be satisfied that they give a “true and fair view” of the financial position and transactions of the Council (including any group financial statements where applicable) during the year and complies with all legal requirements.

CFO Responsibilities

5.3.28 Ensure that external auditors are given access at all reasonable times to premises, human resources, documents and assets that the external auditors consider necessary for the purposes of their work.

5.3.29 Ensure there is effective liaison between external and internal audit.

5.3.30 Work with the external auditor and advise Council, Cabinet and Directors/Assistant Directors and Heads of Service on their responsibilities in relation to external audit.

Directors/ Assistant Directors and Heads of Service Responsibilities

5.3.31 Ensure that external auditors are given access at all reasonable times to premises, human resources, documents and assets which the external auditors consider necessary for the purposes of their work.

5.3.32 Ensure that all records and systems are up to date and available for inspection.

5.4 Preventing Fraud and Corruption

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

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

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

Chief Executive Responsibilities

- 5.4.11 Maintain adequate and effective internal control arrangements.

CFO Responsibilities

- 5.4.12 Implement appropriate measures to prevent and detect fraud and corruption.

Chief Internal Auditor Responsibilities

- 5.4.13 Develop and maintain a comprehensive Anti-Money Laundering Strategy.
- 5.4.14 Develop and maintain a comprehensive Anti-Fraud and Corruption Strategy.
- 5.4.15 Report all suspected irregularities (as appropriate) to the Chief Executive, the CFO, and the Audit & Standards Committee.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 5.4.16 Ensure that all suspected irregularities are reported to the Chief Internal Auditor without delay.
- 5.4.17 Instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- 5.4.18 Ensure that where financial impropriety is discovered, the CFO and Chief Internal Auditor are informed as soon as possible, and where sufficient evidence exists to believe that a criminal offence may have been committed, this will be investigated by Counter Fraud Officers of the councils.
- 5.4.19 Maintain a Register of Interests' for both Councillors and Officers.

5.5 Assets

a) Security of Property

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

CFO Responsibilities

- 5.5.11 Maintain an Asset Register in accordance with good practice for all fixed assets with a value in excess of £10,000. The function of the Asset Register is to provide the Council with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained.
- 5.5.12 Receive and process information required for accounting, costing and financial records from each Director/ Assistant Director and Head of Service.
- 5.5.13 Ensure that assets are valued in accordance with the Code issued by (CIPFA/LASAAC).
- 5.5.14 Issue guidelines on best practice (“Local Authority Assets: Disposal Guidance - DCLG March 2016”) for asset disposals.
- 5.5.15 Ensure appropriate accounting entries are made to remove the value of asset disposals from the Council’s records, including the proceeds of sale where appropriate.
- 5.5.16 (Independently) review and authorise proposed stock write-offs (including obsolete and surplus stock) submitted by Directors/ Assistant Directors Heads of Service, within predetermined limits. Values in excess of predetermined limits should be forwarded for approval by the Portfolio Holder for Finance and/or Cabinet as appropriate.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 5.5.17 Notify the CFO immediately of any additions/disposals/variations to the Asset Register. Any use of property by a service area or establishment, other than for direct service delivery, should be supported by documentation identifying terms, responsibilities and duration of use.
- 5.5.18 Arrange for the valuation of assets for accounting purposes to meet requirements specified by the CFO.
- 5.5.19 Recommend surplus land and buildings for sale to the Asset Management Group (AMG), followed by a joint report prepared by the relevant Director/ Assistant Director and Head of Service and the CFO to Cabinet.

- 5.5.20 Follow best practice guidelines for asset disposals, issued by the CFO.
- 5.5.21 Ensure prospective occupiers of Council land are not allowed to take possession or enter until a lease or agreement (in a form approved by the Director/ Assistant Director and Head of Service in consultation with the Assistant Director – Legal and Democratic Services) has been established as appropriate.
- 5.5.22 Ensure security of buildings and other assets, including vehicles, plant, equipment, furniture, stock, stores and other property, within service area. Consult CFO where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 5.5.23 Pass title deeds to Assistant Director - Legal and Democratic Services, for safe custody. The Head of Operations must keep a record of all properties owned by the Council, recording Portfolio, the purpose for which it is held, the location, the plan reference, purchase details, particulars of interest and rent payable, and particulars of tenancies granted.
- 5.5.24 Ensure that cash holdings on premises are kept within insurance limits (determined by CFO) and 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 immediately.
- 5.5.25 Ensure all employees are aware of their personal responsibility to protect and retain the confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council.

Inventories

- 5.5.26 Maintain an Inventory List within service area, recording descriptions of any furniture, fittings, equipment, plant and machinery, with individual values of £75 or more. The Risk and Insurance Manager must be notified if the value of a single item exceeds £10,000.
- 5.5.27 Carry out annual check of all significant inventory items to verify location, condition and take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Portable items such as computers, cameras and video recorders should be identified with Council security markings.
- 5.5.28 Make sure that property is only used in the course of Council business, unless the Director/ Assistant Director and Head of Service concerned has given permission otherwise.

Stocks and Stores

- 5.5.29 Make appropriate arrangements for the care and custody of stocks and stores within service area.

- 5.5.30 Maintain stocks at reasonable levels and ensure regular (minimum quarterly) independent physical stock checks. Stock discrepancies should be immediately investigated and pursued to a satisfactory conclusion.
- 5.5.31 Recommend stock write-offs (including obsolete and surplus stock) by submitting proposal in writing to CFO (seeking advice from purchasing advisors where appropriate).

5.6 Treasury Management, Banking and Petty Cash

Millions of pounds pass through Councils' accounts each year. This has led to the establishment of CIPFA's "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" (the Code).

The Code aims to provide assurance that Council money is properly managed in a way that balances risk with return, with overriding consideration given to the security of capital sums.

Banking arrangements and petty cash should also be managed appropriately with key responsibilities confined to the CFO and a limited number of authorised individuals.

CFO Responsibilities

- 5.6.11 Undertaking borrowing and investment activities in full compliance with CIPFA's "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes". Any other lending or borrowing cannot be undertaken without the approval of Council, following consultation with the CFO.
- 5.6.12 Ensuring that all borrowing and investing activities are undertaken in the name of the Council (or nominee approved by Council) and detailed records/registers maintained and appropriate arrangements are made for the safe custody of all securities and title deeds.
- 5.6.13 Arranging and administering banking arrangements, including negotiate banking arrangements, opening accounts, signing Direct Debit mandates, ordering cheque books and arranging BACS payments.
- 5.6.14 Along with the Chief Executive, signing bank mandates authenticating the signatures of Officers designated as cheque signatories, and signatories for other instruments for the payment, collection or transfers of monies. All cheques must bear the signature of two authorised Officers of the Council and dispatched directly from the CFO (or his or her staff) to payees.
- 5.6.15 Making arrangements with the bank for the issue of corporate Purchasing Cards.

- 5.6.16 Developing, maintaining and disseminating a detailed Purchasing Card Policy, ensuring that all card holders sign their acceptance of its terms and conditions.
- 5.6.17 Developing and operating a Petty Cash Imprest system (including a set of CFO prescribed rules), which balances operational need with efficiency and appropriate cash control measures.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 5.6.18 Following instructions on banking and purchase cards issued by the CFO.
- 5.6.19 Utilising Purchasing Cards in accordance with the corporate Purchasing Card Policy. Cardholders must formally sign to indicate their acceptance of the Policy, prior to usage.
- 5.6.20 Ensure Trust Funds are held in the Council's name wherever possible. Officers acting as Trustees, due to their official position, must deposit securities etc. relating to the Trust with the CFO, unless the deed otherwise provides.
- 5.6.21 Ensure Trust Funds are operated within relevant legislation and the specific requirements for each Trust. Secure administration arrangements must be approved by the CFO.
- 5.6.22 Ensure employees within service area operate Petty Cash Imprest system in compliance with CFO prescribed rules.

6 FINANCIAL SYSTEMS AND PROCEDURES

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

The CFO has a professional responsibility to ensure that Council financial systems are sound and should therefore be consulted at an early stage in the process prior to the implementation of any new developments or changes/upgrades to existing systems.

CFO Responsibilities

- 6.1.11 Make arrangements for the proper administration of the Council's financial affairs, including:

- Issuing advice, guidance and procedures for Officers and others acting on the Council's behalf
- Determining the accounting systems, form of accounts and supporting financial records
- Establishing arrangements for audit of the Council's financial affairs
- Approving any new financial systems to be introduced; and
- Approving any changes to be made to existing financial systems.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 6.1.12 Comply with procedures and guidance issued by the CFO.
- 6.1.13 Ensure that accounting records are properly maintained and held securely.
- 6.1.14 Ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements set out in the approved Document Retention Policy.
- 6.1.15 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.
- 6.1.16 Incorporate appropriate controls to ensure that, where relevant:
- All input is genuine, complete, accurate, timely and not previously processed
 - All processing is carried out in an accurate, complete and timely manner
 - Output from the system is complete, accurate and timely; and
 - Output is reconciled, at least monthly, to the Council's general ledger and signed off by the preparer and reviewer of the reconciliation.
- 6.1.17 Ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- 6.1.18 Ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- 6.1.19 Ensure systems are documented and Officers trained in operations.
- 6.1.20 Consult with CFO before changing existing financial systems or introducing new financial systems.

- 6.1.21 Establish a scheme of delegation identifying Officers authorised to act upon the Director/Assistant Director and Head of Service's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 6.1.22 Supply lists of authorised Officers, with specimen signatures and delegated limits, to the CFO, together with any subsequent variations.
- 6.1.23 Ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Where possible, back-up information should be retained in a secure location, preferably off site or at an alternative location within the building.
- 6.1.24 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.
- 6.1.25 Ensure relevant standards and guidelines for computer systems issued by Directors/Assistant Directors and Heads of Service are observed.
- 6.1.26 Ensure computer equipment and software is protected from loss and damage through theft, vandalism etc.
- 6.1.27 Comply with the copyright, designs and patents legislation. In particular, ensure that only software legally acquired and installed by the Council is used on its computers.

6.2 Income and Expenditure

a) Income

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

CFO Responsibilities

- 6.2.11 Agree arrangements for the collection of income due to the Council and approve the procedures, systems and documentation for its collection.
- 6.2.12 Periodically issuing guidance on charging policy, including key principles on fees and charges (e.g. full cost recovery and benchmarking), taxation and inflationary assumptions
- 6.2.13 Order and supply to service areas receipt forms, books or tickets and similar items and satisfy themselves regarding control arrangements.

- 6.2.14 Agree the write-off of bad debts (in consultation with the relevant Director/ Assistant Director or Head of Service) up to £15,000 in value in each case and refer sums in excess of this limit, but up to £100,000, to the Cabinet Member for Resources for approval. Individual sums to be written off that exceed £100,000 require Cabinet approval.
- 6.2.15 Keep records of all sums written off and ensure appropriate accounting adjustments are made.
- 6.2.16 Ensure that refunds are not made for sums under £5.00, unless specifically requested by the individual.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 6.2.17 Establish charging policy for the supply of goods or services in accordance with guidance issued by the CFO, reviewing it regularly, in line with corporate policies.
- 6.2.18 Separate responsibility for identifying amounts due and responsibility for collection, as far as is practicable.
- 6.2.19 In consultation with the CFO, establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- 6.2.20 Issue official receipts for all cash transactions (except where a legal document is the receipt for money received) and maintain other documentation for income collection where receipts are not required.
- 6.2.21 Ensure wherever practical that at least two employees are present when post is opened at a site where income is regularly received.
- 6.2.22 Securely hold receipts, tickets and other records of income in accordance with Document Retention Policy.
- 6.2.23 Lock away all cash to safeguard against loss or theft, and to ensure security of cash handling.
- 6.2.24 Ensure income is paid promptly and fully into Council bank account in the form in which it is received. Appropriate details should be recorded to provide a full audit trail. Money collected and deposited must be reconciled to bank account on a monthly basis (minimum).
- 6.2.25 Ensure income received is not used to cash personal cheques or make any other payments.
- 6.2.26 Supply 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 Council and to ensure accounts are sent out promptly. To do this, Directors/Assistant Directors and Heads of Service should use established debt recovery systems to monitor the recovery of income and

flag up areas of concern to the CFO. Heads of Service 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 Council's behalf.

- 6.2.27 Keep a record of every transfer of money between employees of the Council. The receiving Officer must sign for the transfer and the transferor must retain a copy.
- 6.2.28 Recommend debts for write-off to the CFO and keep a record of all sums written off. Once raised, bona fide debts must not be cancelled, except by full payment or by formal write 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, a waiver or reduction in charges.
- 6.2.29 Where delegated authority has been granted by the CFO, individuals can write-off bad debts up to their specified limit in each case (Note – delegated authority must be exercised in strict observance of 'separation of duties' principles; referred to above in Paragraph 6.2.8). Sums in excess of their limit must be referred to the CFO for approval, who in turn will seek Cabinet Member approval for write-off of bad debt exceeding £15,000 in line with Paragraph 6.2.4 above.
- 6.2.30 Notify CFO of outstanding income relating to the previous financial year as soon as possible after 31st March in line with timetable determined by the CFO, and not later than 10th April or nearest working day thereafter.

b) Ordering and paying for work, goods and services

Public money should be spent with demonstrable probity and in accordance with Council policies. Councils have a statutory duty to achieve best value, in part through economy and efficiency. Council procedures should help to ensure that services obtain value for money from their procurement arrangements. These procedures should be read in conjunction with the Council's Contract Procedure Rules.

- 6.2.31 Officers and Members engaged in contractual or procurement decisions on behalf of the Council have a responsibility to declare links or personal interests that they may have with purchasers, suppliers and/or contractors, in accordance with appropriate codes of conduct.
- 6.2.32 Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent or rates, corporate purchasing card purchases, petty cash purchases or other exceptions specified by the CFO. Any order placed by telephone shall be confirmed by the issue of an official order within 5 working days.

- 6.2.33 Purchase orders must conform to guidelines approved by Council for the procurement of goods, services and suppliers. Standard terms and conditions must not be varied without the prior CFO approval.
- 6.2.34 The normal payment method will be by BACS payment direct to the customer, drawn on the Council bank account, approved by the CFO. Direct debits will require prior CFO agreement, or a designated bank signatory, before any agreement is signed. Purchasing card payments may be made by Officers preauthorised by the CFO and identified on the Authorised Signatory List. VAT receipts for all goods must accompany monthly statements submitted to the CFO. Spending limits will be set/approved the CFO.
- 6.2.35 Official orders must not be raised for personal or private purchases, nor must personal or private use be made of Council contracts.

CFO Responsibilities

- 6.2.26. Ensure Council financial systems and procedures are sound and properly administered, approving changes to existing systems (whether new systems or upgrades) before implementation.
- 6.2.27. Approve the form of official orders and associated terms and conditions.
- 6.2.28. Make payment from Council funds on Directors/Assistant Directors and Heads of Service authorisations that expenditure has been duly incurred in accordance with Financial Procedure Rules.
- 6.2.29. Make payment (irrespective of budget provision) where it is required by statute or court order.
- 6.2.30. Arrange for the keeping of a Contract Register where contracts provide for payment by instalments.
- 6.2.31. Make payments to contractors upon receipt of properly completed certificates from Directors/Assistant Directors and Heads of Service. Such payments must be entered and appropriately cross referenced in the Contract Register.
- 6.2.32. Provide advice and encouragement on making payments by the most economical means.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 6.2.33. The Assistant Director - Legal and Democratic Services will determine the form of contract to be used for building, constructional or engineering work.
- 6.2.34. Ensure that all contract variations are in writing and agreed before work on the variation commences.
- 6.2.35. Refer claims from contractors on matters not clearly within existing contract terms to Assistant Director - Legal and Democratic for consideration of

Council liability and to the CFO for financial consideration, before settlement is reached.

- 6.2.36. Take appropriate action, in consultation with Assistant Director - Legal and Democratic, in respect of any claim for liquidated and ascertained damages where contract completion is delayed. This provision will not apply if there are reasons qualifying for an extension.
- 6.2.37. Ensure that unique Cafi generated official orders are used for all goods and services, other than the exceptions specified in Paragraph 6.2.22.
- 6.2.38. Ensure orders are only used for goods and services provided to the relevant service area. Members and Officers must not use official orders to obtain goods or services for private use. Neither may Officers place orders for goods or services for personal use using the Council's e-procurement system.
- 6.2.39. Ensure that only staff authorised by Directors/Assistant Directors and Heads of Service authorise orders and maintain an up-to-date list of such authorised staff, including specimen signatures, identifying the limits of their authority. The authoriser of the order should be satisfied that works, goods, supplies and services ordered are appropriate and needed, that there is adequate budgetary provision and that Contract Procedure Rules have been followed.
- 6.2.40. Ensure that works, goods, supplies and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different Officer from the authoriser of the order. Entries should then be made in inventories or stores records where appropriate.
- 6.2.41. Ensure payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment.
- 6.2.42. Ensure a minimum of two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different Officer from the person who signed the order, and in every case, a different Officer from the person checking a written invoice, should authorise invoices.
- 6.2.43. Periodically review a list of their staff approved to authorise invoices. New authorising Officers, together with specimen signatures, and details of their authority limits, must be forwarded to the CFO.
- 6.2.44. Ensure that payments are not made on photocopied or faxed invoices, statements or other documents. Any instances of these being rendered should be reported to the Chief Internal Auditor. In exceptional circumstances, where payment is made against such a document and where properly authenticated, the transaction must be processed in accordance with CFO guidance.

- 6.2.45. Encourage suppliers to accept payment by the most economical means for the Council. Payments made by Direct Debit must have the prior approval of the CFO or an authorised bank signatory.
- 6.2.46. Ensure service area achieves value for money by taking appropriate steps to obtain competitive prices for works, goods, supplies and services of appropriate quality, in line with best practice guidelines issued by the CFO, consistent with best value principles and contained within the Contract Procedure Rules.
- 6.2.47. Utilise the Procurement Team in putting purchases, where appropriate, out to competitive quotation or tender. These will comply with Contract Procedure Rules.
- 6.2.48. Ensure that employees are aware of the Code of Conduct (Part 5 of the Constitution).
- 6.2.49. Ensure that loans, leases or rental arrangements are not entered into without prior CFO agreement. This is to protect the Council against entering into unapproved credit arrangements that might adversely affect financial standing and to ensure that value for money is being obtained.
- 6.2.50. Notify CFO of outstanding committed expenditure relating to previous financial year as soon as possible after 31st March in line with timetable determined by CFO and, in any case, not later than 10th April.
- 6.2.51. With regard to construction contracts and alterations to buildings and for civil engineering works, to document and agree with CFO the systems and procedures to be adopted in relation to all financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedure for validation of subcontractors' tax status.
- 6.2.52. Notify the CFO immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 6.2.53. Ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the Document Retention Policy.

c) Payments to employees and Members

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

CFO Responsibilities

- 6.2.54. Ensure appropriate arrangements are in place to control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by them, on the due date.
- 6.2.55. Record and make arrangements for the accurate and timely payment of tax, pension contributions and other deductions and to complete all relevant HMRC returns.
- 6.2.56. Make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- 6.2.57. Make arrangements for paying Members travel or other allowances upon receiving the prescribed documentation, duly completed and authorised.
- 6.2.58. Provide advice and encouragement to secure payment of salaries by the most economical means.
- 6.2.59. Ensure that there are adequate arrangements for administering pension matters on a day-to-day basis.
- 6.2.60. Act as an advisor on areas such as taxation and monitoring of the East Sussex County Council Pension Fund, as appropriate.

Directors/Assistant Directors and Heads of Service Responsibilities

- 6.2.61. Ensure that appointments are made in accordance with the regulations of the Council and the approved Establishment List, grades and scale of pay and that adequate budget provision is available.
- 6.2.62. Notify the Head of Human Resources of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Head of Human Resources.
- 6.2.63. Ensure that adequate and effective systems and procedures are operated, so that:
 - Payments are only authorised to bona fide employees
 - Payments are only made where there is a valid entitlement
 - Conditions and contracts of employment are correctly applied; and
 - Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 6.2.64. Provide and maintain an up-to-date list of the names of Officers authorised to complete and return records to the Head of Human Resources, together with specimen signatures, where appropriate. The CHRIS HR system should contain update lists of Human Resources Officers and Officers authorised to approve timesheets and claims.

- 6.2.65. Ensure that payroll transactions are processed only through the payroll system. Directors/Assistant Directors and Heads of Service should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis and take advice from the Head of Human Resources.
- 6.2.66. Approve travel and subsistence claims and other allowances, but only when they have been made on an approved travel expenses form and within three months of the travel or subsistence being incurred. Approval is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the Head of Human Resources is informed where appropriate.
- 6.2.67. Ensure that the Head of Human Resources is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- 6.2.68. Ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the Document Retention Policy.
- 6.2.69. The Head of Human Resources to act as an advisor to Directors/Assistant Directors and Heads of Service on areas such as employment status, National Insurance and Pension Contributions, as appropriate.
- 6.2.70. Ensure that the staffing budget is an accurate forecast of staffing levels in accordance with the approved Establishment List and is equated to an appropriate revenue budget provision (including on-costs and overheads).
- 6.2.71. Ensure the Chief Executive (or the Officer delegated by them) has approved any changes in employment conditions where the full year cost of such changes would exceed £1,000.
- 6.2.72. Monitor staff activity to ensure adequate control over costs such as sickness, overtime, training and temporary staff.
- 6.2.73. Ensure that the staffing budget is not exceeded without prior authority from the CFO / Head of Human Resources and that it is managed to enable the agreed level of service to be provided.
- 6.2.74. Ensure that the Head of Human Resources and the CFO are immediately informed if the staffing budget is likely to be significantly overspent or underspent.

Member Responsibilities

- 6.2.75. Submit claims for Member travel and subsistence allowances on a monthly basis (or within three months of incurring the travel or subsistence) and, in any event, within one month of year end.

6.3 Taxation

The Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all Officers to be aware of their role. The creation and use of Local Authority Trading Companies (LATC's), has resulted in added Tax considerations, including Corporation Tax and 'different VAT rules'.

CFO Responsibilities

- 6.3.1. Complete Council VAT returns and annual Partial Exemption calculations in accordance with HMRC timescales.
- 6.3.2. Discharge Tax related responsibilities for Council-owned trading companies (LATCs), including all Corporation Tax and VAT duties and returns.
- 6.3.3. Provide details to the HMRC regarding the Construction Industry Scheme (CIS).
- 6.3.4. Maintain up-to-date guidance for Council employees on taxation issues.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 6.3.5. Ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- 6.3.6. Ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary CIS requirements.
- 6.3.7. Ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- 6.3.8. Follow the guidance on taxation issued by the CFO.

6.4. Trading Accounts and Business Units (including Local Authority Trading Companies)

Trading accounts and business units have been growing in importance for many years as local councils have progressively developed a more commercial culture. Under proper accounting practices, Councils are required to keep trading accounts for services provided on a basis other than a straightforward recharge of cost in accordance with the Accounting Code of Practice.

Ongoing reductions in Government support is further increasing the rate of 'council commercialisation'. Councils are seeking ever more innovative ways to achieve financial self-sufficiency, with legislative changes (notably the introduction of a "general power of competence" under Section 1 of the Localism Act 2011) aiding the proliferation of local authority trading companies.

CFO Responsibilities

- 6.4.1. Advise on the establishment and operation of trading accounts and business units.
- 6.4.2. Advise on the establishment and operation of local authority trading companies, including the professional financial appraisal of proposed commercial investments, projects and trading opportunities.
- 6.4.3. Prepare financial statements for local authority trading companies in accordance with relevant proper accounting practice.
- 6.4.4. Ensure compliance with all relevant extant companies and tax legislation in respect of local authority trading companies, including the preparation of taxation and other financial returns.
- 6.4.5. Arrange and maintain adequate insurance cover for local authority trading companies, where appropriate.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 6.4.6. Follow CFO advice on the establishment and operation of trading accounts and business units.
- 6.4.7. Follow CFO advice on the establishment and operation of local authority trading companies. In particular, it is essential that the robustness of all commercial proposals is established through CFO input at the concept and development stage(s).
- 6.4.8. Consult with the CFO where a business unit wishes to enter into a third party contract where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.

- 6.4.9. Ensure that appropriate accounting principles (as guided by the CFO) are applied in relation to Council trading accounts, and statutory accounts required for trading companies, including any tax implications, where applicable.
- 6.4.10. Ensure that each business unit and trading company prepares an annual business plan.

DRAFT

7. EXTERNAL ARRANGEMENTS

Partnerships- Partnerships can exist in many forms and play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Councils are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Councils still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user and community wishes.

Councils will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Councils will be measured by what they achieve in partnership with others.

Jointly Controlled Operations (JCO's) are activities undertaken by the Council in conjunction with partners that involve the use of assets and resources of the partners, rather than the establishment of a separate entity.

7.1.1. A partner is defined as either:

- (a) An organisation (private or public) undertaking, part funding or participating as a beneficiary in a project; or
- (b) A body whose nature or status gives it a right or obligation to support the project

CFO Responsibilities

7.1.2. Advise on effective controls and the key elements of entering into any partnership, including JCO's, to ensure that resources are not wasted. Examples include, but are not limited to:

- (a) A scheme appraisal for financial viability in both the current and future years, together with capital/revenue cash flow forecasts for at least three years
- (b) Risk appraisal and management
- (c) Resourcing, including taxation / VAT issues
- (d) Audit, security and control requirements
- (e) Carry-forward arrangements; and
- (f) Ensure that an annual business plan is prepared.

- 7.1.3. Ensure that the partnership accounting and governance arrangements comply with all relevant regulations and codes of practice.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 7.1.4. Ensure that, before entering into any agreement with external bodies, including the terms of operation, the CFO is consulted and the Cabinet approval is obtained.
- 7.1.5. Maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the CFO.
- 7.1.6. Ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the CFO.
- 7.1.7. Ensure that arrangements are in place for cessation of a partnership, including an exit strategy.
- 7.1.8. Ensure that such agreements and arrangements do not impact adversely upon existing Council services.
- 7.1.9. Ensure that all agreements and arrangements are properly documented.
- 7.1.10. Provide appropriate information to the CFO to determine if any requirement for a note to be entered into the Council's Statement of Accounts in accordance with relevant accounting Codes of Practice is required.

7.2 External Funding

External funding is an important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Councils are increasingly encouraged to provide seamless service delivery through working closely with communities, other agencies and private service providers.

In some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Council's overall corporate/spending plans.

CFO Responsibilities

- 7.2.1. Ensure that arrangements are approved in advance by Cabinet.
- 7.2.3. Ensure that funding notified by external bodies is received and properly recorded in the Council's accounts.
- 7.2.4. Ensure that match-funding requirements are considered prior to entering into agreements and that future revenue budgets reflect these requirements.
- 7.2.5. Ensure that internal and external audit requirements are met.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 7.2.6. Ensure that the CFO is consulted prior to the completion of all applications for external funding and is provided with a written copy of all grant approvals, together with grant and auditing conditions, and that all claims for funds are made in conjunction with Finance staff and submitted by the due date.
- 7.2.7. Ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.
- 7.2.8. Records of achievements against key targets to be met must be maintained for both financial and Non-Financial indicators.
- 7.2.9. Documentation must be made available for access by either internal and/or external audit where required.
- 7.2.10. To ensure that the retention and archiving of records complies with the conditions and requirements of the funding body.

7.3 Working with Third Parties

Legislation has enabled the Council to provide a range of services to other bodies for some time. Such work may enable a unit to maintain economies of scale and existing expertise. Such services may increasingly be delivered through local authority trading companies.

Whatever service-delivery arrangements are used (either 'in house' or through a company), robust procedures should be in place to ensure that any risks associated with such work are minimised, and that such work is legal.

CFO Responsibilities

- 7.3.1. Advise on appropriate service delivery arrangements for third party working proposals.
- 7.3.2. Where work is to be delivered through a trading company, ensure compliance with the Rules in respect of that.
- 7.3.3. Issue guidance with regard to the financial aspects of third party contracts.
- 7.3.4. Provide financial information in order for the relevant Director/Assistant Director and Head of Service to monitor the contract.
- 7.3.5. Arrange and maintain adequate insurance cover for third party contracts through corporate policy, where appropriate.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 7.3.6. Follow CFO advice on appropriate service delivery arrangements for third party working proposals.
- 7.3.7. Where work is to be delivered through a trading company, ensure compliance with the Rules in respect of that.
- 7.3.8. Ensure that potential proposals are properly costed in advance in accordance with CFO guidance. It is essential that no contract is subsidised by the Council.
- 7.3.9. Ensure Cabinet approval is obtained before negotiations are concluded to work for third parties.
- 7.3.10. Maintain third party contracts register in accordance with procedures specified by CFO and ensure all contracts are properly documented.
- 7.3.11. Ensure that, wherever possible, payment is received in advance of service delivery, but in any event, payments must be promptly paid in accordance with the contract.
- 7.3.12. Ensure service area has the appropriate expertise to undertake the contract.
- 7.3.13. Ensure contracts do not adversely impact on services provided for the Council.
- 7.3.14. Provide appropriate information to CFO to determine any Accounting Code of Practice requirements.

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Lewes District Council

Meeting: Full Council

Date: 25 September 2019

Subject: Financial Procedure Rules

Report of: On behalf of Cabinet and Audit and Standards Committee

The Council is asked to note the minute and resolution of the Cabinet held on 1 July and the Audit and Standards Committee held on 16 July 2019 in response to the Financial Procedure Rules.

The Council is recommended to:-

Approve the draft Financial Procedure Rules (see Appendix 2 to covering report).

Minute Extracts

Cabinet – 1 July 2019.

The Cabinet considered the report of the Chief Finance Officer presenting updated financial procedure rules.

Ahead of its submission to Full Council, the updated rules would be considered by the Audit and Standards Committee on 16 July 2019 and would include an appendix that would detail the changes made.

Recommended to Council (Budget and policy framework):

To review the draft Financial Procedure Rules before they are submitted to Council for approval.

Reason for decision:

It is the duty of the Chief Finance Officer (CFO) to maintain an up to date set of Financial Procedure Rules to ensure the Council has effective governance of finances in place.

Audit and Standards – 16 July 2019.

The Chief Finance Officer presented the report, which provided a 'blueprint' for the Council's financial procedures which formed part of the Council's Constitution. A draft version of the Rules were considered by the Cabinet in 1 July 2019 and would be presented to Full Council for approval on 25 September.

The opportunity has been taken to ensure that there was a single financial procedure

rule for both Lewes and Eastbourne Council. The review allows the Council to operate more effectively. The review allows for control measures to be identified and strengthened if necessary.

Section 3 of the draft rules (appendix 2 to the report) – Financial Management, is a key area and includes a supplementary budget that recognises the dynamic financial environment in which the Council works. It provides a limit and structure for decision making.

Members asked in view of the frequency of Full Council meetings, how urgent decisions, that need the approval of Full Council, will be dealt with in the future? Officers advised that there were constitutional procedures in place for dealing with urgent decisions. It also depends on the reasons for the urgency. The provisions for one-off financial decisions and any ongoing decisions will need to be included in the Budget process.

RESOLVED: That the recommendations in the report be noted.

For a copy of the reports please contact Democratic Services:

Tel. (01273) 471600. E-mail: committees@lewes-eastbourne.gov.uk

A copies may be downloaded on the Council's website by following the links below:

<https://democracy.lewes-eastbourne.gov.uk/ieListDocuments.aspx?CId=417&MId=2969&Ver=4>

<https://democracy.lewes-eastbourne.gov.uk/ieListDocuments.aspx?CId=423&MId=2998&Ver=4>



Lewes District Council

Meeting: Council
Date: 25 September 2019
Subject: Treasury management report
Report of: Councillor Nicholson on behalf of the Cabinet

The Council is asked to consider the minute and resolution of the Cabinet meeting held on 16 September 2019 as set out below.

The Council is recommended to:-

To agree the annual Treasury Management report for 2018/19 and to approve the 2018/19 Prudential and Treasury Indicators included in the report (and attached as **Appendix 1**).

Minute extract

Cabinet – 16 September 2019.

The Cabinet considered the report of the Chief Finance Officer presenting the quarterly treasury management report and the annual treasury management report for 2018/19.

Resolved (Key decision):

(1) To confirm that Treasury Management Activity for the period 1 March to 30 June 2019 has been in accordance with the approved Treasury Strategies for that period.

Recommended to Council (Budget and policy framework):

(2) To endorse the following recommendation from Audit and Standards Committee to Council that the annual Treasury Management report for 2018/19 be agreed and the 2018/19 Prudential and Treasury Indicators included in the report be approved.

Reason for decisions:

Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code) and this has to be reported to Full Council.

For a copy of the report please contact Democratic Services:

Tel. (01273) 471600.

E-mail: committees@lewes-eastbourne.gov.uk

A copy may be downloaded on the Council's website by following the link below:

<https://democracy.lewes-eastbourne.gov.uk/mgGeneric.aspx?MD=CommitteesLanding&bcr=1>

APPENDIX 1

Lewes District Council

Annual Treasury Management Report 2018/2019

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1. Background

1.1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury management report. The report must review treasury management activities and set out the final position of the Council's Treasury Prudential Indicators. This report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

1.2 The Council defines its Treasury Management activities as:

“the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.3 The Council agreed its Treasury Management Strategy Statement and Investment Strategy 2018/2019 to 2020/2021 at its meeting in February 2018.

2. Overall Summary of Activity 2018/2019

2.1 The table below lists the key elements of the 2018/2019 Strategy and records actual performance against each one of them.

Key Element	Target in Strategy	Actual Performance	
Borrowing			
Underlying need to borrow (CFR) at year end	£109.930 million	£82.030 million	-
Internal borrowing at year end	£20.206 million	£35.357 million	-
New external long-term borrowing in year	None anticipated	None undertaken	✓
Debt rescheduling in year	Review options but not anticipated	Options kept under review, none undertaken	✓
Interest payments on external borrowing	£1.722 million	£1.743 million	✓
Investments			
Minimum counterparty credit ratings for unsecured investments	Long-term BBB+- (does not apply to Government and other local authorities which have the highest ratings)	At least Long-term A	✓
Interest receipts from external investments	£0.100m	£0.150m	✓
Appointment of Investment Consultants			
Independent Treasury Adviser to be retained	Arlingclose to be retained as Treasury Adviser	Arlingclose retained as Treasury Adviser	✓

Key Element	Target in Strategy	Actual Performance	
Reporting and Training			
Reports to be made to Audit and Standards Committee and Cabinet	Every regular meeting	Every regular meeting.	✓
Briefing sessions for Councillors and Staff	Treasury Adviser to provide	Staff training September 2018	-

2.2 The remainder of this report explores each of the key elements in more depth. Appendix A gives details of the final position on each of the Prudential Indicators, and Appendix B explores the Economic Background to the year's activity. A glossary appears at the end of the document to explain technical terms which could not be avoided when writing this report.

3. Detailed Analysis – Borrowing

- 3.1 Other than for temporary cash flow purposes, local authorities are only allowed to borrow to finance capital expenditure (e.g. the purchase of property, vehicles or equipment which will last for more than one year, or the improvement of such assets). Prior to 2018/19, the Government limited the amount of borrowing by local authorities for housing purposes by specifying 'debt caps'. The Council's underlying debt cap was fixed at £72.931m. In 2014/2015 local authorities were able to bid for an increase in the housing debt cap in order to enable specific projects. A bid from the Council was successful and the debt cap was increased to £75.248m to match expenditure incurred in building new houses on specified former garage sites. The Government removed the 'debt cap' during 2018/19, which enables the Council to further invest in the provision of new social housing.
- 3.2 In accounting terms, the underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) while usable reserves and working capital are the underlying resources available for investment.
- 3.3 The CFR is, in simple terms, the amount of capital expenditure which has been incurred by the Council but which has not yet been paid for (by using, for example, grants, capital receipts, reserves or revenue income) and in the meantime is covered by internal or external borrowing. 'External borrowing' is where loans are raised from the Public Works Loans Board (PWLB) or banks. Alternatively it is possible to 'internally borrow' the significant levels of cash which has been set aside in Balances and Reserves and which would otherwise need to be invested with banks or other counterparties.
- 3.4 As noted above, the level of CFR increases each year by the amount of unfinanced capital expenditure and is reduced by the amount that the Council sets aside for the repayment of borrowing. The original CFR projection for 2018/2019, the revised position reported at the time of producing the Treasury Strategy 2019/2020 (February 2019) and the final position for the year are shown in the table below. The variation between the revised and

final position reflects the changing profile of capital spend across financial years, particularly allocations in the capital programme in respect of facilitating loans to Lewes Housing investment Company, which was not called on in 2018/19, and a loan to Aspiration Homes LLP, which was called on in 2018/2019 to the extent of £10k.

	2018/19 Original £m	2018/19 Revised £m	2018/19 Outturn £m
Opening CFR	86.482	77.210	77.210
Capital expenditure in year	32.407	71.585	15.010
Less financed	(7.508)	(15.400)	(9.874)
Less amount set aside for debt repayment	(1.451)	(0.316)	(0.316)
Closing CFR	109.930	133.079	82.030

- 3.5 The overall CFR can be split between the General Fund and the Housing Revenue Account as follows:

CFR Component	2018/19 Revised £m	2018/19 Outturn £m
General Fund	65.560	16.270
Housing Revenue Account	67.519	65.760
Total	133.079	82.030

- 3.6 The following table compares the CFR with the amount that the Council holds in balances and reserves as well as working capital (day to day cash movements as well as grants, developer contributions and capital receipts held, pending their use).

	31/3/19 Revised £m	31/3/19 Outturn £m
(a) Capital Financing Requirement	133.079	82.030
(b) Actual external long-term borrowing	(56.673)	(56.673)
(c) Borrowing required in year	(56.200)	-
(d) Use of Balances and Reserves and working capital as alternative to borrowing (a)-(b)-(c)	20.206	25.357

3.7 The Council's long-term loan portfolio at 31 March 2019 was:

Lender	Interest	Amount £m	Rate %	Maturity
PWLB	Fixed	4.000	2.70	01-03-2024
PWLB	Fixed	5.000	3.30	01-03-2032
PWLB	Fixed	2.000	3.05	01-09-2027
PWLB	Fixed	2.000	2.76	01-09-2024
PWLB	Fixed	4.000	2.97	01-09-2026
PWLB	Fixed	5.000	3.28	01-09-2031
PWLB	Fixed	4.000	2.63	01-09-2023
PWLB	Fixed	5.000	3.44	01-03-2037
PWLB	Fixed	6.673	3.50	01-03-2042
PWLB	Fixed	5.000	3.43	01-09-2036
PWLB	Variable	5.000	0.92	28-03-2022
PWLB	Fixed	4.000	3.01	01-03-2027
	Sub-total	51,673		
Barclays	Fixed	5.000	4.50	06-04-2054
	Sub-total	5.000		
	Total	56.673		

- 3.8 In the table above the Barclays loan was taken out in April 2004 with a term of 50 years. In June 2016 the bank decided to permanently waive its contractual right to vary the interest rate on this loan, which was effectively fixed at the rate of interest applicable at that time, 4.5%.
- 3.9 Total interest paid on external long-term borrowing in the year was £1.743m, which was consistent with the revised budget for the year. No new long-term borrowing was undertaken. The Council remained eligible to access the Government's 'Certainty Rate' allowing the Council to borrow, had it been appropriate to do so, at a reduction of 0.2% on the Standard Rate.
- 3.10 Through the year, officers, supported by Arlingclose, monitored opportunities for the rescheduling of external loans and the possibility of repayment utilising cash balances that would otherwise be invested. No beneficial rescheduling opportunities were identified and the loan portfolio remained unchanged through the year.
- 3.11 As determined by the Council, two separate Loans Pools operated in 2018/2019, for the General Fund and HRA respectively. At 31 March 2019 the balance on internal loans from the General Fund to the Housing Revenue Account (HRA) was £8.795m, an increase of £0.601m compared with the previous year, which comprised new lending as funding for the construction of new homes. Interest was charged on internal borrowing at 1.67% (equivalent to a one-year maturity loan from the PWLB at the start of the financial year).
- 3.12 No temporary borrowing was undertaken during the course of the financial year and consequently, there were no temporary loans outstanding at 31 March 2019.

4. Detailed Analysis - Investments

4.1 The Council held an average of £18.7m as cash during the year. This comprised working cash balances, capital receipts, earmarked reserves and developer contributions held pending their use.

4.2 The Council's general policy objective is to invest its surplus funds prudently. Throughout 2018/2019, the Council's investment priorities continued to be:

Highest priority - Security of the invested capital;

Followed by - Liquidity of the invested capital;

Finally - An optimum yield commensurate with security and liquidity.

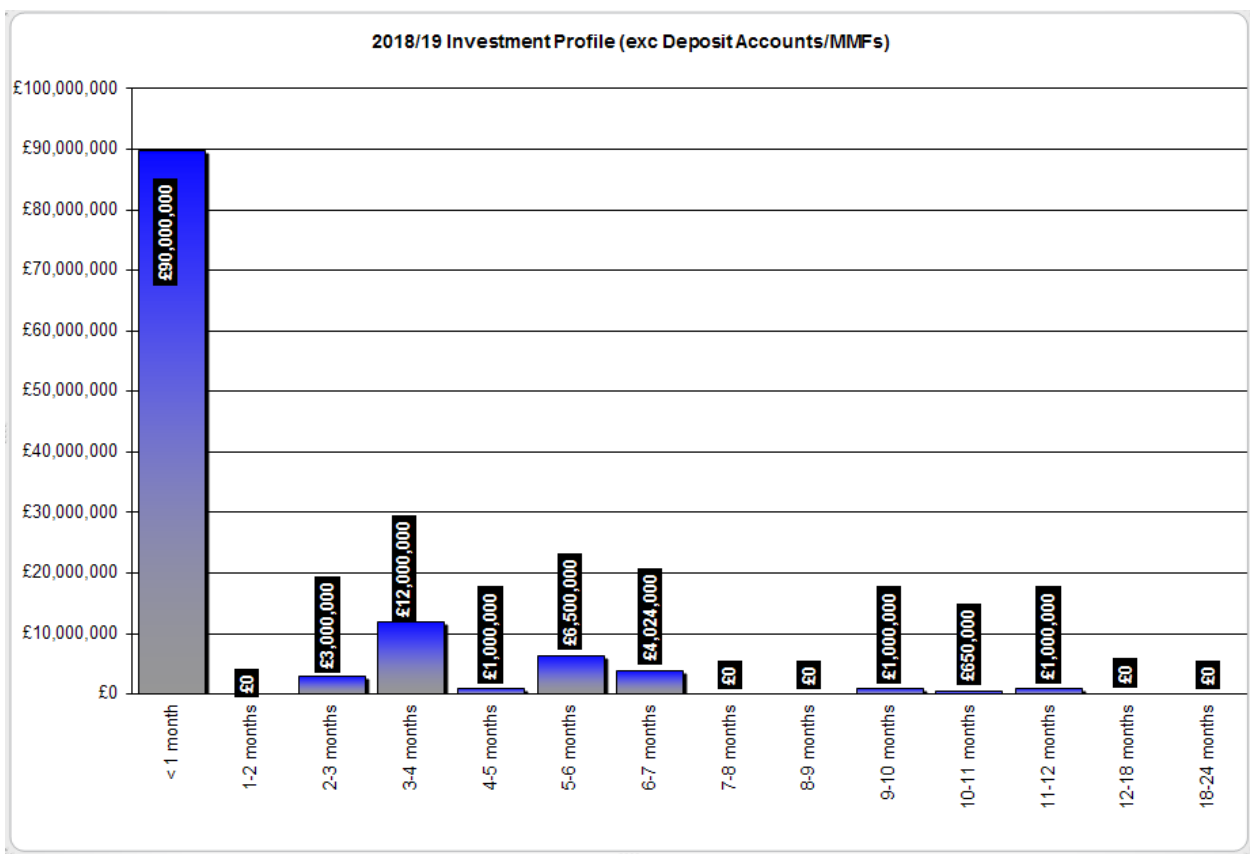
4.3 All of the Council's investments were managed in-house. Security of capital was maintained by following the counterparty policy set out in the Investment Strategy for 2018/2019. Investments made during the year included:

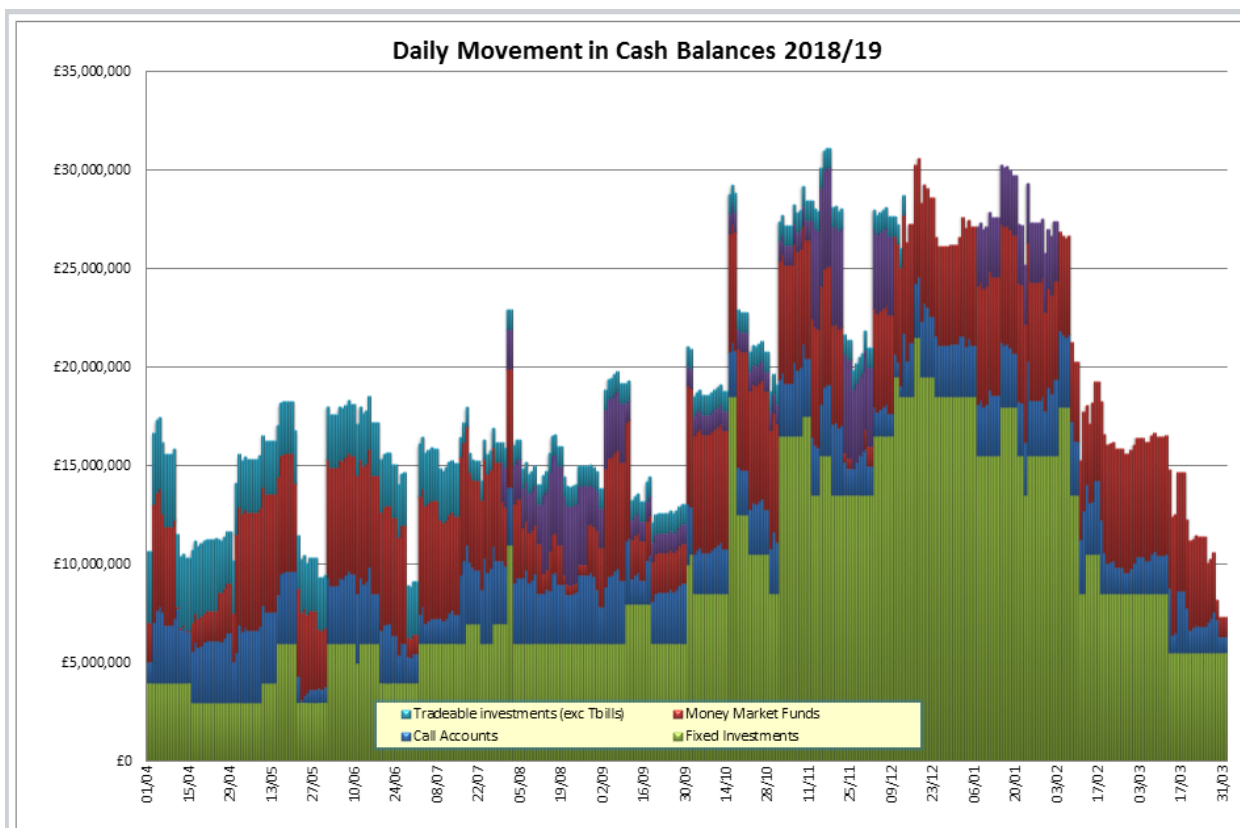
- Fixed Term Deposits with the Debt Management Office (DMO) (a total of £73 million – 27 occasions);
- Fixed Term Deposits with other Local Authorities (a total of £27.524 million – 11 occasions);
- Fixed Term Deposits with UK Banks and Building Societies (a total of £1 million – 1 occasion);
- Investments in Money Market Funds (MMFs) (average daily balance held in year £2.303 million);
- United Kingdom Treasury Bills (a total of £14 million – 14 occasions);
- Tradable Investments - Floating Rate Notes, Certificates of Deposit, Bonds (a total of £3.65 million – 4 occasions);
- Deposit accounts with UK Banks (average daily balance held in year £1.222 million);
- Deposit accounts with UK Building Societies (average daily balance held in year £1.374 million);
- Overnight deposits with the Council's banker, Lloyds Bank (average daily balance held in year £1.245 million).

4.4 Counterparty credit quality was assessed and monitored with reference to credit ratings (a minimum long-term counterparty rating of BBB+ across all three rating agencies Fitch, Standard and Poor's, and Moody's applied); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price.

4.5 In keeping with Government guidance on investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds (MMF), overnight deposits and deposit accounts, the average daily balance held being £7.255 million.

4.6 A full list of investments (excluding deposit account or MMF transactions) made or maturing in the year is given at Appendix C. All investments were made with UK institutions, and no new deposits were made for periods in excess of one year. The first chart below gives an analysis of aggregate fixed term deposits by duration. The second chart shows how the total amount invested varied from day to day over the course of the year, from a low of £7.3m to a high of £31.1m. The movement largely reflects the cycle of grant, council tax and business rate receipts and precept payments made.





4.7 The income return generated from investments in the year was £0.150 million, above the total budget for investment income of £0.100 million. This position arose as a result of the requirement to re-profile major projects within the approved capital programme, ensuring an increase in the short-term availability of additional cash for investment.

4.8 The average rate of return from investments at the end of each quarter in 2018/2019 is shown in the table below, along with comparative benchmark information, the 7-day LIBID rate.

Average rate of investments in:	Lewes District Council	7 day LIBID
Quarter 1 ending 30 June 2018	0.57%	0.36%
Quarter 2 ending 30 September 2018	0.84%	0.51%
Quarter 3 ending 31 December 2018	0.43%	0.58%
Quarter 4 ending 31 March 2019	0.38%	0.57%
Whole year 2018/2019	0.83%	0.51%

5. Compliance with Prudential Indicators

The Council can confirm that it has complied with its Prudential Indicators for 2018/2019. A detailed review of each of the Prudential Indicators is at Appendix A.

6. Investment Consultants

- 6.1 The Council appointed Arlingclose as its Treasury Adviser in 2012 following an open procurement. The agreement with Arlingclose was for an initial four-year term expiring on 30 June 2016, with the Council having the option to extend for a further year.
- 6.2 The Council exercised the option to extend the agreement to the end of June 2017 and following discussion with Arlingclose opted to maintain the appointment for a further year. A further year's extension is anticipated prior to a formal review of arrangements in conjunction with Eastbourne Borough Council, given that a shared finance team (with treasury management responsibility) is being established.

7. Reporting and Training

- 7.1 The Deputy Chief Executive and, subsequently, the new Chief Finance Officer reported the details of treasury management activity to each regular meeting of the Audit and Standards Committee and Cabinet held in 2018/2019. A mid-term summary report was issued in November 2018.
- 7.2 The training needs of the Council's treasury management staff were reviewed as part of the annual corporate staff appraisal/training needs assessment process for all Council employees. Members of staff attended, where appropriate, Arlingclose workshops alongside colleagues from other local authorities during 2018/2019.
- 7.3 In 2018/19, Arlingclose met with Council officers with a role in treasury management both to explain developments within the sector, as well as review the Council's own investment and debt portfolios.
- 7.4 The Treasury Strategy had anticipated that Arlingclose would hold a local briefing session for all councillors tasked with treasury management responsibility, including scrutiny of the treasury management function. It did not prove practicable for this session to take place. Following the election in May 2019 of a significant number of new councillors, the next councillor briefing session is now expected to take place in autumn 2019.

8. Local Authority Regulatory Changes instigated in 2018/2019

- 8.1 Revised CIPFA Codes:
- i. CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The timing precluded adoption of the required changes from the 2011 Code in the 2018/2019 Treasury Management Strategy which had already been drafted. Where relevant, the changes were incorporated into the 2018/2019 monitoring reports. All changes were fully implemented in the 2019/2020 Treasury Management Strategy.
 - ii. The 2017 Prudential Code introduced the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for future

financial sustainability. Where the strategy is produced and approved by full Council, the determination of the Treasury Management Strategy can be delegated to a committee. The Code also expands on the process and governance issues of capital expenditure and investment decisions. CIPFA recognised that authorities may require a lead-in period to create a Capital Strategy and that this requirement may not be able to be fully implemented until 2019/2020: this Council has adopted that timescale.

- iii. In the 2017 Treasury Management Code the definition of 'investments' was widened to include financial assets as well as non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is to be identified and reported.

8.2 MHCLG Investment Guidance and Minimum Revenue Provision (MRP):

- i. In February 2018 the MHCLG (Ministry of Housing, Communities and Local Government) published revised Guidance on Local Government and Investments and Statutory Guidance on Minimum Revenue Provision (MRP).
- ii. Changes to the Investment Guidance include a wider definition of investments to include non-financial assets held primarily for generating income return and a new category called 'loans' (e.g. temporary transfer of cash to a third party, joint venture, subsidiary or associate). The Guidance introduces the concept of proportionality, proposes additional disclosure for borrowing solely to invest and also specifies additional indicators. Investment strategies must detail the extent to which service delivery objectives are reliant on investment income and a contingency plan should be in place if investment yields fall.
- iii. The definition of prudent MRP was changed to 'put aside revenue over time to cover the Capital Financing Requirement (CFR); it cannot be a negative charge and can only be zero if the CFR is nil or negative. Guidance on asset lives has been updated, applying to any calculation using asset lives. Any change in MRP policy cannot create an overpayment; the new policy must be applied to the outstanding CFR going forward only.

8.3 MiFID II:

- i. As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could 'opt up' to professional client status, providing certain criteria was met which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year's relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience and knowledge to make

investment decisions and understand the risks involved.

- ii. The Council has met the conditions to opt up to professional status and has done so in order to maintain its professional client status. The Council will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

Appendix A – Prudential Indicators 2018/2019

1. Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. Some of the Prudential Indicators relate directly to the Council's Capital Programme. These Indicators are also included below for completeness of reporting.

2. Net Borrowing and the Capital Financing Requirement

- 2.1 This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.
- 2.2 The Chief Finance Officer reports that the Council has had no difficulty meeting this requirement in 2018/2019, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the budget for 2019/2020.

3. Estimates of Capital Expenditure (direct link to Capital Programme)

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

No.	Capital Expenditure	2018/19 Original £m	2018/19 Revised £m	2018/19 Actual £m
1a	Non-HRA	26.913	62.319	9.436
1b	HRA	5.494	9.266	5.574
	Total	32.407	71.585	15.010

4. Ratio of Financing Costs to Net Revenue Stream (direct link to Capital Programme)

- 4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.
- 4.2 The ratio is based on costs net of investment income. Where investment income exceeds interest payments, the indicator is negative.

No.	Ratio of Financing Costs to Net Revenue Stream	2018/19 Original %	2018/19 Revised %	2018/19 Actual %
2a	Non-HRA	1.47	1.47	1.30
2b	HRA	15.82	15.82	11.28

5. Capital Financing Requirement

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing. The amounts shown are as at 31 March.

No	Capital Financing Requirement	2018/19 Original £m	2018/19 Revised £m	2018/19 Actual £m
3a	Non-HRA	43.951	65.560	16.270
3b	HRA	65.979	67.519	65.760
	Total CFR	109.930	133.079	82.030

5.2 The year-on-year change in the CFR is set out below.

Capital Financing Requirement	2018/19 Original £m	2018/19 Revised £m	2018/19 Actual £m
Balance B/F	86.482	77.210	77.210
Capital expenditure financed from borrowing	24.899	56.185	5.136
Revenue provision for Debt Redemption.	(1.451)	(0.316)	(0.316)
Balance C/F	109.930	133.079	82.030

6. Actual External Debt

This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. The Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit (see 8 below).

No.	Actual External Debt as at 31/03/2019	Revised £m	Actual £m
4a	Borrowing	112.858	56.673
4b	Other Long-term Liabilities	0.392	0.704
4c	Total	113.250	57.377

7. Incremental Impact of Capital Investment Decisions Stream (direct link to Capital Programme)

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved Capital Programme with an equivalent calculation of the revenue budget requirement arising from the proposed Capital Programme.

No.	Incremental Impact of Capital Investment Decisions	2018/19 Original £m	2018/19 Revised £m	2018/19 Actual £m
5a	Increase in Band D Council Tax	47.96	47.96	59.97
5b	Increase in Average Weekly Housing Rents	0.82	0.82	4.22

The increase in Band D council tax/average weekly rents reflects the funding of the capital programme: for example, new borrowing increases interest payable, and funding from reserves utilises resources which could have otherwise been used to fund revenue expenditure. The actual indicators are less than the revised as a result of significant capital projects being deferred from 2018/2019 into 2019/2020.

8. Authorised Limit and Operational Boundary for External Debt

- 8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.
- 8.2 The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases.
- 8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit). The 2018/2019 Actual values shown below are the maximum levels of borrowing, including temporary borrowing, experienced at any time during the year.

No.	Authorised Limit for External Debt	2018/19 Original £m	2018/19 Revised £m	2018/19 Actual £m
6a	Borrowing	106.500	121.300	63.67
6b	Other Long-term Liabilities	0.532	0.392	0.704
6c	Total	107.032	121.692	57.004

- 8.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

8.6 The Chief Finance Officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet. The 2018/2019 Actual values shown below are the maximum levels of borrowing, including temporary borrowing, experienced at any time during the year.

No.	Operational Boundary for External Debt	2018/19 Original £m	2018/19 Revised £m	2018/19 Actual £m
7a	Borrowing	111.500	111.300	56.300
7b	Other Long-term Liabilities	0.532	0.392	0.704
7c	Total	112.032	111.692	57.004

9. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council has adopted best practice.

No.	Adoption of the CIPFA Code of Practice in Treasury Management
8	The Council approved the adoption of the CIPFA Treasury Management Code in 2002. Following revisions to the Code published in December 2009, reconfirmed its adoption of the Code in February 2010.

10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums i.e. fixed rate debt net of fixed rate investments.

10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget.

No.		2018/19 Original £m	2018/19 Revised £m	2018/19 Actual £m
9	Upper Limit for Fixed Interest Rate Exposure	110.0	110.0	100.0
10	Upper Limit for Variable Interest Rate Exposure	(27.5)	(27.5)	(27.5)

10.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's Treasury Management Strategy.

10.4 Because the Council's investments are substantially in excess of its variable rate borrowing, the Upper Limit for Variable Interest Rate exposure is shown as a negative figure.

11. Maturity Structure of Fixed Rate borrowing

11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

No.	Maturity structure of fixed rate borrowing	Lower Limit %	Upper Limit %	Actual %
11a	under 12 months	0	75	0
11b	12 months and within 24 months	0	75	0
11c	24 months and within 5 years	0	75	0
11d	5 years and within 10 years	0	100	44
11e	10 years and above	0	100	56

12. Upper Limit for total principal sums invested over 364 days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested. No investments of more than 364 days were made during 2018/19.

No.	Upper Limit for total principal sums invested over 364 days	2018/19 Original %	2018/19 Revised £m	2018/19 Actual £m
12	Upper limit	50	2	-

13. HRA Limit on Indebtedness

The indicator is associated with self-financing for housing. It indicates the residual capacity to borrow for housing purposes, while remaining within the overall HRA 'Debt Cap' specified by the Government. The Government removed the 'debt cap' during 2018/19. The Council has retained the indicator 2018/19 for reporting to show the position if the 'debt cap' had remained in place.

No	Capital Financing Requirement	2018/19 Original £m	2018/19 Revised £m	2018/19 Actual £m
13a	HRA CFR	65.979	67.519	65.760
13b	HRA Debt Cap	75.248	75.248	75.248
	Difference	9.269	7.729	9.488

Appendix B – Economic Background explained by Arlingclose

Economic background: After spiking at over \$85/barrel in October 2018, oil prices fell back sharply by the end of the year, declining to just over \$50 in late December before steadily climbing toward \$70 in April 2019. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.

After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.

The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However, a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.

With the 29th March 2019, the original EU 'exit day' now been and gone, having failed to pass a number of meaningful votes in Parliament, including shooting down Theresa May's deal for the third time, MPs voted by a majority of one (313 to 312) to force the prime minister to ask for an extension to the Brexit process beyond 12th April in order to avoid a no-deal scenario. Recent talks between the Conservative and Labour parties to try to reach common ground on a deal which may pass a vote by MPs have yet to yield any positive results. The EU must grant any extension and its leaders have been clear that the terms of the deal are not up for further negotiation. The ongoing uncertainty continues to weigh on sterling and UK markets.

While the domestic focus has been on Brexit's potential impact on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be showing signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.

Financial markets: December was a month to forget in terms of performance of riskier asset classes, most notably equities. The FTSE 100 (a good indicator of global corporate sentiment) returned -8.8% assuming dividends were reinvested; in pure price terms it fell around 13%. However, since the beginning of 2019 markets have rallied, and the FTSE 100 and FTSE All share indices were both around 10% higher than at the end of 2018.

Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth is not just a UK phenomenon but a global risk. During March the US yield curve inverted (10-year Treasury yields were lower than US 3 month money market rates) and German 10-year Bund yields turned negative. The drivers are a significant shift in global economic growth prospects and subsequent official interest rate expectations given its impact on inflation expectations. Further to this is world trade growth which collapsed at the end of 2018 falling by 1.8% year-on-year. A large proportion of this downturn in trade can be ascribed to the ongoing trade tensions between the US and China which despite some moderation in January does suggest that the International Monetary Fund's (IMF) and Organisation for Economic Co-Operation & Development's (OECD) forecasts for global growth in 2019 of 3.5% might need to be revised downwards.

Credit background: Credit Default Swap (CDS) spreads drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. After hitting around 129 basis points in December 2018, the spread on non-ring-fenced bank NatWest Markets plc fell back to around 96bps at the end of March, while for the ring-fenced entity, National Westminster Bank plc, the CDS spread held relatively steady around 40bps. The other main UK banks, as yet not separated into ring-fenced and non-ring-fenced from a CDS perspective, traded between 33 and 79bps at the end of the period.

The ring-fencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/NatWest Bank plc) transferred their business lines into retail (ring-fenced) and investment banking (non-ring-fenced) entities.

In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty, following this move with the same treatment for UK banks and a number of government-related entities.

There were minimal other credit rating changes during the period. Moody's revised the outlook on Santander UK to positive from stable to reflect the bank's expected issuance plans which will provide additional protection for the senior unsecured debt and deposits.

Appendix C – List of Investments made and/or maturing in 2018/2019

Counterparty	Principal £	From / To		Interest/Return £
Term Deposits				
Nationwide Building Society	1,000,000	15-Dec-18	16-Apr-18	1,304
Thurrock Borough Council	3,000,000	12-Feb-18	14-May-18	4,114
Debt Management Office	1,000,000	10-May-18	22-May-18	85
Thurrock Borough Council	3,000,000	14-May-18	14-Nov-18	9,528
Debt Management Office	2,000,000	15-May-18	22-May-18	96
South Highton Parish Council	24,000	29-May-18	29-Nov-18	76
Debt Management Office	3,000,000	01-Jun-18	11-Jun-18	205
Debt Management Office	2,000,000	11-Jun-18	19-Jun-18	109
Surrey Heath Borough Council	1,000,000	12-Jun-18	12-Dec-18	3,008
Thurrock Borough Council	2,000,000	02-Jul-18	02-Oct-18	2,521
Debt Management Office	1,000,000	18-Jul-18	23-Jul-18	34
Debt Management Office	1,000,000	27-Jul-18	03-Aug-18	54
Debt Management Office	4,000,000	01-Aug-18	03-Aug-18	74
Debt Management Office	2,000,000	10-Sep-18	19-Sep-18	247
Thurrock Borough Council	2,500,000	02-Oct-18	02-Apr-19	11,219
Debt Management Office	2,000,000	01-Oct-18	03-Oct-18	55
Debt Management Office	2,000,000	01-Oct-18	08-Oct-18	192
Debt Management Office	2,000,000	08-Oct-18	18-Oct-18	274
Debt Management Office	6,000,000	15-Oct-18	22-Oct-18	575
Debt Management Office	4,000,000	15-Oct-18	18-Oct-18	164
Eastbourne Borough Council	2,000,000	22-Oct-18	23-Jan-19	3,567
Debt Management Office	2,000,000	22-Oct-18	29-Oct-18	192
Thurrock Borough Council	3,000,000	14-Nov-18	14-May-19	13,389
Debt Management Office	8,000,000	01-Nov-18	05-Nov-18	438
Debt Management Office	4,000,000	05-Nov-18	09-Nov-18	219
Debt Management Office	4,000,000	05-Nov-18	12-Nov-18	384
Thurrock Borough Council	5,000,000	09-Nov-18	11-Feb-19	9,400
Debt Management Office	2,000,000	15-Nov-18	19-Nov-18	110
Eastbourne Borough Council	3,000,000	03-Dec-18	01-Mar-19	5,425
Debt Management Office	3,000,000	10-Dec-18	17-Dec-18	288
Debt Management Office	1,000,000	17-Dec-18	24-Dec-18	96
Debt Management Office	3,000,000	17-Dec-18	02-Jan-19	658
Debt Management Office	2,000,000	17-Dec-18	19-Dec-18	55
Debt Management Office	3,000,000	02-Jan-19	07-Jan-19	205
Debt Management Office	2,500,000	15-Jan-19	21-Jan-19	205
Debt Management Office	2,000,000	24-Jan-19	08-Feb-19	411
Debt Management Office	2,500,000	04-Feb-19	08-Feb-19	140
Debt Management Office	2,000,000	13-Feb-19	18-Feb-19	137
Eastbourne Borough Council	3,000,000	01-Mar-19	13-Mar-19	641

Counterparty	Principal £	From / To	Interest/Return £
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Treasury Bills

UK Treasury Bill 0% 28-Aug-2018	1,000,000	30-Jul-18	28-Aug-18	457
UK Treasury Bill 0% 28-Aug-2018	1,000,000	30-Jul-18	28-Aug-18	452
UK Treasury Bill 0% 10-Sep-2018	1,000,000	13-Aug-18	10-Sep-18	534
UK Treasury Bill 0% 10-Sep-2018	1,000,000	13-Aug-18	10-Sep-18	524
UK Treasury Bill 0% 01-Oct-2018	1,000,000	3-Sep-18	1-Oct-18	557
UK Treasury Bill 0% 29-Oct-2018	1,000,000	1-Oct-18	29-Oct-18	517
UK Treasury Bill 0% 26-Nov-2018	1,000,000	29-Oct-18	26-Nov-18	499
UK Treasury Bill 0% 10-Dec-2018	1,000,000	12-Nov-18	10-Dec-18	477
UK Treasury Bill 0% 10-Dec-2018	1,000,000	12-Nov-18	10-Dec-18	482
UK Treasury Bill 0% 10-Dec-2018	1,000,000	12-Nov-18	10-Dec-18	489
UK Treasury Bill 0% 10-Dec-2018	1,000,000	12-Nov-18	10-Dec-18	475
UK Treasury Bill 0% 04-Feb-2019	1,000,000	7-Jan-19	4-Feb-19	497
UK Treasury Bill 0% 04-Feb-2019	1,000,000	7-Jan-19	4-Feb-19	499
UK Treasury Bill 0% 04-Feb-2019	1,000,000	7-Jan-19	4-Feb-19	505

Other

Daimler AG (Bond - Fixed)	650,000	14-Sep-17	16-Jul-18	12,900
Daimler AG (Bond - Fixed)	1,000,000	4-Oct-17	16-Jul-18	18,545
Nordea AB (Certificate of Deposit)	1,000,000	25-Oct-17	25-Apr-18	18,544
BMW Finance NV (Bond - Fixed)	1,000,000	19-Dec-17	14-Dec-18	6,712

Glossary of Terms

<i>Affordable Borrowing Limit</i>	Each local authority is required by statute to determine and keep under review how much money it can afford to borrow. The Prudential Code (see below) sets out how affordability is to be measured.
<i>Base Rate</i>	The main interest rate in the economy set by the Bank Of England, upon which others rates are based.
<i>Bonds</i>	Debt instruments issued by government, multinational companies, banks and multilateral development banks. Interest is paid by the issuer to the bond holder at regular pre-agreed periods. The repayment date of the principal is also set at the outset.
<i>Capital Expenditure</i>	Spending on the purchase, major repair, or improvement of assets e.g. buildings and vehicles.
<i>Capital Financing Requirement (CFR)</i>	Calculated in accordance with government regulations, the CFR represents the amount of Capital Expenditure that it has incurred over the years and which has not yet been funded from capital receipts, grants or other forms of income. It represents the Council's underlying need to borrow.
<i>Chartered Institute of Public Finance and Accountancy (CIPFA)</i>	CIPFA is one of the leading professional accountancy bodies in the UK and the only one that specialises in the public services. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards. Uniquely among the professional accountancy bodies in the UK, CIPFA has responsibility for setting accounting standards for a significant part of the economy, namely local government.
<i>Counterparty</i>	Organisation with which the Council makes an investment.
<i>Credit Default Swaps</i>	CDS are a financial instrument for swapping the risk of debt default and are effectively an insurance premium. Local authorities do not trade in CDS but trends in CDS prices can be monitored as an indicator of relative confidence about the credit risk of counterparties.
<i>Credit Rating</i>	A credit rating is an independent assessment of the credit quality of an institution made by an organisation known as a rating agency. The rating agencies take many factors into consideration when forming their view of the likelihood that an institution will default on their obligations, including the institution's willingness and ability to repay. The ratings awarded typically cover the short term outlook, the long term outlook, as well as an assessment of the extent to which the parent company or the state will honour any obligations. At present the three main agencies providing credit rating services are Fitch Ratings, Moody's and Standard and Poor's
<i>Fixed Deposits</i>	Loans to institutions which are for a fixed period at a fixed rate of interest.
<i>Gilts</i>	These are issued by the UK government in order to finance public expenditure. Gilts are generally issued for set periods and pay a fixed rate of interest. During the life of the gilt it will be traded at price decided in the market.

<i>Housing Revenue Account (HRA)</i>	There is a statutory requirement for local authorities to account separately for expenditure incurred and income received in respect of the dwellings that they own and manage.
<i>Lenders' Option Borrower's Option (LOBO)</i>	A long term loan with a fixed interest rate. On pre- determined dates (e.g. every five years) the lender can propose or impose a new fixed rate for the remaining term of the loan and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan.
<i>LIBID</i>	The rate of interest at which first-class banks in London will bid for deposit funds.
<i>Minimum Revenue Provision (MRP)</i>	The minimum amount which must be charged to an authority's revenue account each year and set aside as provision for the repayment of debt.
<i>Operational boundary</i>	This is the most likely, prudent view of the level of gross external indebtedness. A temporary breach of the operational boundary is not significant.
<i>Prudential Code/Prudential Indicators</i>	The level of capital expenditure by local authorities is not rationed by central government. Instead the level is set by local authorities, providing it is within the limits of affordability and prudence they set themselves. The Prudential Code sets out the indicators to be used and the factors to be taken into account when setting these limits.
<i>Public Works Loan Board (PWLb)</i>	A central government agency which provides long-term and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.
<i>Treasury Management Strategy Statement (TMSS)</i>	Approved each year, this document sets out the strategy that the Council will follow in respect of investments and financing both in the forthcoming financial year and the following two years.
<i>Treasury Bills (T-Bills)</i>	These are issued by the UK Government as part of the Debt Management Office's cash management operations. They do not pay interest but are issued at a discount and are redeemed at par. T-Bills have up to 12 months maturity when first issued.

Notice of Motion 1 - Local Authority Mental Health Challenge

1. Motion from Councillor MacLeod

Preamble:

One in four people in the U.K. experience a mental health problem in any given year. The World Health Organisation predicts that by 2020 depression will be the second most common condition worldwide, and mental health is now the leading cause for work absence in the UK accounting for over 50% of all work health-related absences. Evidence also shows that people with severe mental illness die up to 20 years younger than their peers in the UK.

As a local authority we have a crucial role to play in improving the mental health of everyone in our local community, and to help tackle some of the widest and most entrenched inequalities in health. Mental health should be a priority across all the local authority areas of responsibility.

All Councillors, whether members of the Cabinet or Scrutiny and in our community and caseworker roles, can play a positive role in championing mental health on an individual and strategic basis. It's vitally important that we play our part.

Proposed Motion:

We call on the Council to:

Sign the Local Authority Mental Health Challenge.

We call on the Council

1. To commit to appointing an elected member as "Mental Health Champion".
 - The Member Champion will advocate for mental health issues in council meetings and policy development and will reach out to the local community to raise awareness of mental health issues and challenge stigma.
 - The Member Champion will listen to people with personal experience of mental health and get their perspective on local needs and priorities.
 - The Member Champion will scrutinise areas that have an impact on people's mental health such as Housing needs, developments and other areas.
 - The Member Champion will look at fostering local partnerships between agencies to support people with mental health problems more effectively.

- The Member Champion will identify at least one priority each year for focused work.
 - The Member Champion will respond to occasional requests from the challenge coordinator for updates on activities undertaken in the role of member champion.
 - The Member Champion will have access to advice and support from the mental health challenge national partners, access to resources on the challenge website, and an annual meeting with other member champions to share information, experience and ideas.
2. We will also seek to identify a current member of staff within the council to act as a lead officer for mental health:
 - Advising the member Champion on current issues and priorities
 - Supporting implementation of strategies initiated by the member champion.
 - Raising awareness within the council's staff about mental health issues.
 - Seeking external support for activities led by the council to promote mental health and wellbeing.
 - Providing information to the member champion to support their work
 - Liaising with mental health challenge national partners to secure information and advice
 - The lead officer will also have access to the benefits described above for member champions.
 3. The council will also look to support positive mental health in our community, including in local schools, neighbourhoods and in all other areas of our community.
 4. We will work with local partners to offer effective support for people with mental health needs, we will also work to tackle discrimination on the grounds of mental health in our local community and to proactively listen to people of all ages and backgrounds about what they need for better mental health.

Notice of Motion 2 - Speaking at Planning Applications Committee

2. Motion from Councillor Davy

Preamble:

I hope that colleagues feel able to support an improved, democratic and transparent change of governance for the Planning Applications Committee.

Over the years - I have been aware of the difficulties Local Ward Members on the Planning Applications Committee sometimes have when wishing to speak on behalf of the residents they represent – particularly for substantial applications. Other neighbouring planning authorities enable elected Councillors the opportunity of – ‘crossing the floor’ and speaking on behalf of the communities they represent, whilst adhering to relevant planning considerations. This does not preclude them from re-joining the Committee after the vote has been cast.

This motion gives Councillors the opportunity of freely representing their own views and those of their community.

Proposed Motion:

I call upon Full Council:

To amend Part 10, Public Speaking at Planning Applications Committee, Procedure at meetings in our Constitution as follows:

“If a Member of the Committee is also a Local Ward Member, wishes to speak against, or in support, of an application in that capacity and has registered to speak, then they are allowed to withdraw from the meetings proceedings for that item only and speak for 5 minutes on that particular item. In this event, they would not take part in the debate nor have a vote on the determination of the application on which they spoke. Having spoken, they would be required to leave the room.

They then may return to the Committee to determine the remaining items.”

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Notice of Motion 3 - Waste and Recycling Facilities

3. Motion from Councillor L Boorman

Preamble:

I live in a complex of flats. There are 6 recycling bins and 7 1100L waste bins for 40 flats. The waste bins are never all full but the recycling bins are filled within a week and residents are then putting their recycling in the waste bins.

Officers investigated this and are in the process of rectifying it by removing some waste bins and adding more recycling bins.

I am convinced that this situation is occurring in other areas of the District.

Proposed Motion:

I call upon Full Council to request:

That officers carry out a thorough review of the waste and recycling facilities at all blocks of flats across Lewes District and rectify the balance between waste and recycling bins, where needed, and that this is completed within the next 6 months.

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