

Item 3

ITEM No.

REPORT TO STANDARDS
COMMITTEE

10TH JUNE 2003

REPORT OF CHIEF EXECUTIVE
OFFICER

ARRANGEMENTS FOR REVIEW OF THE CONSTITUTION

1. SUMMARY

- 1.1 The Council's Constitution was adopted on the 24th May 2002 as part of the Council's approach to implementing the Local Government Act 2000.
- 1.2 The Constitution itself must necessarily be kept under regular review so as to ensure that its operation provides an efficient and effective framework for delivering the Council's aims and objectives. This paper is a review for the purposes of Article 15 of the Constitution.
- 1.3 The recommendations in this report reflect those areas where it is considered appropriate to make some immediate changes, viz:
 - (1) decision taking on staffing and structural issues, including senior appointments, and
 - (2) a review of officer delegations.
 - (3) amendments to the Financial Regulations.

The opportunity has also been taken to suggest an Action Plan and arrangements for further review of other parts of the Constitution as part of an ongoing Comprehensive Review.

2. RECOMMENDATIONS

- 2.1 That the Standards Committee considers the report and offers comments to the Council :-
 - on the amendments at Appendix 1(a)
 - on the proposal to set up an Employee Issues Panel as set out at Appendix 1(b)
 - on the amendments to the Officer Scheme of Delegation, to the Financial Regulations, and the suggested Action Plan as set out at Appendices 1(c) and 1(d) and 2 respectively.
- 2.2 That the Standards Committee's views be made known to the Council.

3. BACKGROUND

- 3.1 Work has already begun in reviewing the Constitution. A number of officers have formed a Constitutional Review Group, and its purpose is to consider proposals for change with a view to improving the efficiency of decision-taking within the authority.
- 3.2 Many issues have been identified that will require attention, and it is recognised that it will be necessary to prioritise those issues, some of which will form part of the work of a more comprehensive review which will be the subject of the widest possible consultation. The results of the work of that Review Group are reflected in this report.

4. LEGAL IMPLICATIONS

- 4.1 It is intended that the changes shown in Appendix 1(a) shall have immediate effect.
- 4.2 The principal changes are as follows :-
- changes to the remit of the Chief Officers Appointments Panel to ensure that full Council has the opportunity to interview candidates for the most senior posts on the establishment ; secondly to ensure that recommendations encourage further open and fair competition and comply with employment law.
 - to transfer from the Council to the Cabinet the power to approve organisational changes below Deputy Chief Officer level.
 - to clarify the definition of Deputy Chief Officer.
 - to transfer from the Council to the Head of the Paid Service the power to approve organisational change affecting posts on the establishment at or below Spinal Column Point 28.
 - to establish an Employee Issues Panel to determine and/or make recommendations on Early Retirement/Voluntary Redundancy and similar matters.
 - to update the Council's Financial Regulations.
 - to update officer delegated powers.

5. CONSULTATIONS

- 5.1 The Standards Committee is being consulted on this report and its views will be taken into consideration.
- 5.2 All Departments of the Council have been consulted with regard to the amendments suggested in this report. The views of all elected Members will be sought on further amendments to the Council's Constitution by informal and inter-active workshops which will also form part of the forthcoming Member Development Programme.

- 5.3 Officers will also be consulted in a similar manner and will be part of the workshops previously mentioned.
- 5.4 All approved changes will be forwarded to the Standards Committee and the Council's external auditors and any comments received will be reflected in future constitutional reviews.

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Ward(s)

Key Decision Validation

Background Papers

APPENDIX 1(a)

PROPOSED CHANGES – STAFFING ISSUES

PART 2

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To amend Article 4.02(i) to read:-

“Confirming the appointment and dismissal of the Chief Executive Officer, Chief Officers and Deputy Chief Officers, and, in the latter case, as defined in Part 2, Article 12 – Council Employees (Article 12.01, paragraph (e)).”

Page 11

To add to the list of Committees in Article 8.01:-

“The Employment Issues Panel”.

Page 19

Article 12.01 – Council Employees

The last sentence of Article 12.01(d) shall be deleted.

There shall be added at page 19 a new paragraph (e) as follows:-

“A Chief Officer is defined as an officer that leads/directs one of the Council’s departments and is employed under Chief Officer terms and conditions of service and/or an officer holding the statutory post of Section 151 Officer or Monitoring Officer regardless of employment terms and conditions.”

“A Deputy Chief Officer, is defined as an Officer reporting either directly to the Chief Executive Officer or a Chief Officer for all or a substantial part of their duties and responsibilities and is employed under Chief Officer terms and conditions of service (including officers who are remunerated at Higher Principal Officer level or above) but shall not include such Officers as report directly to the Chief Executive Officer or a Chief Officer who are employed under the terms of the National Joint Council.

Page 19

Article 12.02 – Functions of the Head of the Paid Service

(a) Article 12.02(a) shall be replaced with the following:-

“The Head of the Paid Service will report to full Council or the Cabinet in accordance with 3B8 on the manner in which the discharge of the Council’s functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers, save that such changes to the Council’s establishment at Spinal Column Point 28 and below, which shall be determined by the Head of the Paid Service provided that the

same are within the Council's budget framework (excepting such parts of the budget framework as relate to provision for virement other than virement within existing agreed limits."

PART 3A

Page 12

In relation to the Chief Officers Appointments Panel, to replace the first paragraph with the following:-

"The Chief Officer Appointments Panel will meet to make recommendations to full Council on the appointment of the Head of the Paid Service, Chief Officers and Deputy Chief Officers, as defined in Part 2, Article 12 – Council Employees - Article 12.01(e)."

There shall be added an additional sentence at the end of the second paragraph as follows:-

"Prior to appointment the full Council shall first interview candidates recommended by the Chief Officers Appointments Panel for the positions of the Head of the Paid Service, the Chief Officers and the Monitoring Officer and Section 151 Officer, and may, at their discretion, interview candidates for appointments as Deputy Chief Officers.

The following additional paragraphs shall be added:

Recruitment of Head of Paid Service, Chief Officers and Deputy Chief Officers

Where the Council proposes to appoint the Head of the Paid Service, a Chief Officer or Deputy Chief Officer, the Council will:-

- (a) draw up a statement specifying:
 - (i) the duties of the officer concerned; and
 - (ii) any qualifications or qualities to be sought in the person to be appointed;
- (b) The Council may choose and the Panel may recommend making an internal appointment to the Head of Paid Service, Chief Officer and Deputy Chief Officer posts, without considering external candidates. However, where the Authority proposes to consider external candidates, arrangements will be made for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it;

Appointment of Head of Paid Service, Chief Officers and Deputy Chief Officers

The Panel will consider and refer to the full Council with recommendations for approval, the arrangements for the interview and appointment of the Head of Paid Service, Chief Officers and Deputy Chief Officers.

Shortlisting of Candidates by the Panel

The Panel's recommendation(s) for interview shall include all appropriately qualified candidates, both internal and, where appropriate, external.

The Panel shall not recommend to the Council a sole candidate for interview without first considering appropriate arrangements to discharge its duty to appoint on merit, including, if the Panel or the Council think fit, the seeking of external candidates.

To add Appendix 1(b) of this Report.

Part 3 – Responsibility for Functions

B - Cabinet functions – to replace paragraph 8 at page 3 with the following:-

“Utilisation of all resources and the co-ordination of their allocation and management between the Council’s functions, activities and specifically all organisational changes such as the law shall permit (save for those where an officer delegation applies) to the Council’s establishment, below Chief Officer and Deputy Chief Officer level, as defined in Part 2, Article 12 – Council Employees – Article 12.01, paragraph (e), after having first considered appropriate advice from the Head of the Paid Service.”

Part 4 – Rules of Procedure

H – Officer Employment Procedure Rules – paragraph 3 – Appointment of Head of Paid Service, Chief Officers, Deputies or equivocates.

Paragraph 3 shall be replaced with the following:-

“Appointment of Head of Paid Service, Chief Officers and Deputy Chief Officers

The full Council will appoint after interview the Head of the Paid Service, Chief Officers and, at their discretion, Deputy Chief Officers and, in the latter case, as defined in Part 2, Article 12 – Council Employees, Article 12.01, paragraph (e).”

Part 4 – Rules of Procedure

F – To replace the Financial Procedure Rules entirely with the new rules at Appendix 1(d) of this Report.

H – Officer Employment Procedure Rules – paragraph 6 – Dismissal.

There shall be added, after the term “Deputy Chief Officer” the following words:-

“As defined at Part 2, Article 12 – Council Employees – Article 12.01, paragraph (e).”

Part 7 – Management Structure

This is to be deleted entirely.

APPENDIX 1(b)

COMPOSITION, SCOPE AND REMIT OF EMPLOYMENT ISSUES PANEL

Employment Issues Panel

The Employment Issues Panel will meet to make recommendations and decisions in respect of the Council's Early Retirement/Voluntary Redundancy policy.

Composition

(a) Membership

The Employment Issues Panel will be comprised of 7 members, subject to the political balance rules, including 3 members of Cabinet, and the Chair of Scrutiny Committee 1.

Scope and Remit

The Employment Issues Panel shall have the following roles and functions:

- (a) To deal with applications in respect of the Council's Early Retirement/Voluntary Redundancy Policy.
- (b) Such other employment issues as the Council or Cabinet may, from time to time, determine, provided these issues are not already allocated by the Constitution to another body or person.
- (c) The Panel shall, prior to exercising any functions assigned to it, consider reports of the Head of the Paid Service which shall include advice from the Director of Finance, the Monitoring Officer, the Section 151 Officer (where that officer is not the Director of Finance) and the Personnel and Development Officer.
- (d) The Panel shall make recommendations to the full Council where it considers such matters as relate to the Chief Executive Officer, Chief Officers or Deputy Chief Officers. Where such matters relate to other individual applications, under the terms of the Early Retirement/Voluntary Redundancy Policy, the Panel shall have delegated power to deal with those applications without further reference, subject first to having received advice as above, but the matter must be referred to the full Council where an adverse comment on the matter has been received from the Standards Committee or the Council's external auditor.
- (e) The Minutes of Panel meetings shall be reported to Cabinet for information as a matter of course.

APPENDIX 1(c)

AMENDMENTS TO OFFICER SCHEME OF DELEGATION

Chief Executive Officer and Multi-Departmental

The following delegation have been previously agreed by Council. Minute numbers are included in the reference column.

No.	FUNCTION	PROPER/DESIGNATED OFFICER	REF.
	Regulation of Investigatory Powers Act 2000		
CE74	Authority to grant authorisations under Section 28 (Authorisation and Directed Surveillance) and Section 29 (Authorisation of Covert Human Intelligent Sources) in relation to their duties/responsibilities.	Chief Executive Officer Community Safety Manager Director of Finance Audit Service Manager Revenue Service Manager Director of Planning and Technical Services Planning Manager Director of Housing and Environmental Health Borough Housing and Estates Manager Borough Environmental Health Manager	C36/02
CE75	Authority to keep a central register of authorisations granted and generally monitor the issue of authorisations	Solicitor to the Council	C53/02
	Freedom of Information Act		
CE76	Authority to review and update the Council's Publication Scheme in consultation with the Resource Portfolio Holder.	Solicitor to the Council	C52/02
CE77	Authority to nominate an officer within Departments with the duty and responsibility to deal with the operational requirements of the Act, including the handling of requests for information, maintaining the necessary data and updating and submitting information comprised in the Publication Scheme.	Chief Executive Officer and appropriate Chief Officers	C52/02

FINANCE DEPARTMENT

Delegation Ref	Action	Comment
F2	Amend to read	<p>Account And Audit Regulations 2003</p> <p>Regulation 4 To ensure an adequate and effective system of financial management including a sound system of internal control, which includes arrangements for the management of risk. To review the effectiveness of the system on internal control at least once in a year.</p> <p>Regulation 5 To determine accounting records, including the form of accounts and supporting accounting records and accounting control systems.</p> <p>Regulation 6 To maintain an adequate and effective system of internal audit of the accounting records and of the system of internal control.</p> <p>Regulation 7 To ensure that an annual Statement of Accounts is prepared in accordance with proper practices and including all relevant information.</p> <p>Regulation 10 To ensure the signing and dating of the Statement of Accounts within the prescribed periods.</p> <p>Regulation 11 To publish the Statement of Accounts in the prescribed manner.</p> <p>Regulation 14 To make all relevant accounts and documents available for public inspection within the specified periods.</p> <p>Regulation 16 To give notice of public rights to the inspection of the Accounts by way of advertisement.</p> <p>Regulation 18 To give notice of the conclusion of the audit of the Statement of Accounts.</p> <p>Regulation 19 To publish the annual Audit Letter received from the Auditor and to make copies available.</p> <p>Regulation 20 To deposit with each constituent authority of a joint</p>

		committee, joint board or combined authority, a copy of the Auditor's Report and Statement of Accounts. Regulation 21 To give notice by advertisement of an extraordinary audit of accounts.
F3	Insert Heading	Statutory Determinations
F9	Insert Heading	Applications for Financial Assistance
F20	Insert Heading	Arrangements to Dispose of Land
F21	Insert Heading	Administration Arrangements - Cars
F28	Insert Heading	Debt Recovery
F29	Insert Heading	Officers Conducting Proceedings
F30	Insert heading and amend	Authority to Write Off Debts Delete 'Authority to write off debts in relation to businesses in liquidation, individuals in bankruptcy and businesses that have ceased to trade and have no assets, where appropriate recovery procedures have been taken.' Replace with 'Authority to write off all former tenants arrears and all other miscellaneous debts where appropriate recovery procedures have been taken.'
F31	Insert Heading	Voluntary Arrangements
F32	Delete existing delegation	Debts due to the Council Authorisation to write off all Former Tenants' arrears and other debts up to £1,000. (Limit is to be updated annually in line with price increases)
F32	New Delegation to be Inserted	Overpaid Housing Benefit Authority to write off overpaid Housing Benefit where appropriate recovery procedures have been taken. Proper/Designated Officer – Director of Finance.
F35	Insert heading	Determination of Appropriate Terms and Conditions – Sale Shops
F36	Insert heading	Determination of Appropriate Terms and Conditions – Industrial Land or Property
F43	additional delegation to be inserted	To Determine Bi-Annually the Standard Average Mortgage Rate
F46	Insert heading	Exceptional Circumstances – Benefit Regulations
F47	Insert heading	Certification of Housing Association Grant Claims

HOUSING AND ENVIRONMENTAL HEALTH DEPARTMENT

Delegation Ref	Action	Comment
Prior to HEH1	Add to the description of 'Control of Animals'	Part IV of the Environmental Protection Act 1990
Prior to HEH5	Add to the description of 'General Public Health'	Parts II and IV of the Environmental Protection Act 1990 and Control of Pollution Act 1974
HEH5	Add	Environmental Enforcement Officer as a designated officer
New Delegation		<p>Authority to sign notices under the provisions of Section 16 Local Government (Miscellaneous Provisions) Act 1976</p> <p>Designated Officers: Environmental Control Officer Environmental Control Assistant Environmental Protection Officer Environmental Enforcement Officer</p>
HEH9	Amend to read	<p>Authority to :-</p> <p>Enter and inspect premises for compliance with legal requirements. Prepare, sign and serve notices, licences, authorisations, approvals and other documentation Carry out all other relevant duties conferred by this legislation To instigate legal proceedings.</p> <p>Designated Officers: Director of Housing and Environmental Health Borough Environmental Health Manager EH Service Manager (Complaints) EH Service Manager (Inspections)</p>
HEH10	Amend to read	<p>Authority to :-</p> <p>Enter and inspect premises for compliance with legal requirements. Prepare and serve notices, licences, authorisations, approvals and other documentation Carry out all other relevant duties conferred by this legislation To instigate legal proceedings.</p> <p>Designated Officers: Senior Environmental Health Officers</p>
HEH12	Amend designated officer	Remove 'Christopher Jackson' replace with 'Donald Green'

HEH26	Replace with	Authority to make an applicant ineligible to be added to the Housing Register on grounds that the applicant's behaviour is unacceptable.
HEH28	Amend Designated Officer	Remove 'Director of Housing and Environmental Health' replace with Senior Local Estates Officer
HEH44	Amend Designated Officers	<p>Remove: County Durham Health Specialist Consultant for Communicable Disease Dr. Aquilla Dr C. St. J. Buxton Dr. Debora Wilson Dr R Gorton Dr P Johnson (Tees Public Health)</p> <p>Replace with: Dr. Deborah Wilson Dr. David Walker Dr. K. Snider Dr. A. Lowe Dr. I. Holtby Dr. P. Cresswell</p>

PLANNING AND TECHNICAL SERVICES DEPARTMENT

Delegation Ref	Action	Comment
PT23	Delete	The Sedgfield Conservation Area Enhancement Scheme has ceased to operate.
PT25	Amend	Change Principal Building Control Officer to Building Control Manager to be consistent with other references to Building Control related delegations.
Prior to PT27	Amend	Heading should now be Building Regulations 1991 and 2000
Prior to PT28	Amend	Heading should now be Building (Approved Inspectors etc) Regulations 1985 and 2000
PT29	Delete and Substitute	Authority to vary the Council's Scheme of Building Regulation Charges Building Control Manager in consultation with the Lead Member for Regeneration. (Report to Cabinet 20 th March 2003 Minute CAB.1902/02 refers.)
Prior to PT35	Amend	Prior to PT35 introduce Heading Line Other Matters as those that follow do not relate to Goods Vehicle Operators Licences and are a miscellaneous selection of delegations.
PT38	Amend	Delete Planning Manager as they will be responsible for processing/making recommendations on applications made by the Council. This would create some separation of functions in this area, that might be scrutinised by outside interests if any Council development scheme is contentious.
PT39	Amend	Building Control Manager in consultation with the appropriate Lead Member

LEISURE SERVICES

Delegation Ref	Action	Comment
LS1	Delete – Delegation not necessary	Take appropriate action as necessary in relation to vandalism to Ferryhill Leisure Centre

APPENDIX 1(d)

PART 4 – FINANCIAL REGULATIONS

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1. STATUS OF FINANCIAL REGULATIONS

- 1.1 Financial Regulations provide the framework for the management of the Council's financial affairs. They apply to every member and officer of the Council and to anyone acting on its behalf.
- 1.2 The Regulations identify the financial responsibilities of the full Council, Cabinet and Scrutiny Members, Chief Executive (as Head of Paid Service), Director of Finance (as Section 151 Officer), Monitoring Officer and other heads of service. Where decision-making has been delegated to other officers (as detailed in Part 3(c) of the Constitution), references in the Financial Regulations to departmental heads should be read as applying to such named officers.
- 1.3 All Members and officers have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 1.4 The Director of Finance is responsible for maintaining a continuous review of the Financial Regulations and submitting any revisions to full Council for approval. The Director of Finance is also responsible for reporting, where appropriate, breaches of the Financial Regulations to Council.
- 1.5 The Council's detailed Officer Guidance on Financial Procedures provide in depth information on how the Financial Regulations will be implemented.

Departmental heads are responsible for ensuring that all staff in their departments are aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their departments.

- 1.6 The Director of Finance is responsible for issuing advice, training and guidance to underpin the Financial Regulations that Members and officers are required to follow.

2. FINANCIAL MANAGEMENT

2.1 *Introduction*

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

2.2 *Full Council*

The full Council is responsible for adopting the Constitution, which contains the budget and policy framework within which the Cabinet operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control, as set out in the Constitution.

The full Council is also responsible for approving procedures for recording and reporting decisions taken.

2.3 *Cabinet*

Cabinet is responsible for proposing the budget and policy framework to Full Council, and for discharging functions in accordance with that framework.

Any decision taken must take account of legal and financial liabilities and consider risk management issues that may arise from the decision.

2.4 *Scrutiny Committees*

Scrutiny Committees are responsible for scrutinising Cabinet decisions either before or after they have been implemented. They are also responsible for making recommendations on future policy options and for reviewing and monitoring the general policy and service delivery of the Council.

2.5 *Standards Committee*

The Standards Committee is established by Full Council and is responsible for promoting and maintaining high standards of conduct amongst Members. Responsibilities include advising Council on the adoption and revision of the Members' Code of Conduct, and for monitoring the operation of the Code.

2.6 *Statutory Officers*

2.6.1 HEAD OF PAID SERVICE

This statutory position is held by the Chief Executive, and is responsible for the corporate and overall strategic management of the Council. He/she must report to and provide information for the Full Council, Cabinet, Scrutiny Committees and other Committees. He/she also has responsibility for establishing a framework for management direction, style and standards, and for monitoring the performance of the organisation. Head of Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the Council's decisions.

2.6.2 MONITORING OFFICER

The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Standards Committee. Responsible also for reporting any actual or potential breaches of the law or maladministration to the Full Council and/or Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

The Monitoring Officer must ensure that Cabinet decisions are made public and that Council Members are aware of Cabinet decisions and of those made under delegated powers.

The Monitoring Officer, in conjunction with the Director of Finance, has responsibility for advising Council/Cabinet on whether a decision is likely to be contrary to or not wholly in accordance with the budget and policy framework.

He/she is also responsible for maintaining an up-to-date Constitution.

2.6.3 DIRECTOR OF FINANCE

Statutory duties in relation to financial administration and stewardship of the Council arise from:-

- Section 151 of the Local Government Act 1972.
- Local Government Finance Act 1988.
- Local Government and Housing Act 1989.
- Accounts and Audit Regulations 2003.

The Director of Finance is responsible for:-

- The proper administration of the Council's financial affairs.
- Advising Council/Cabinet, in conjunction with the Monitoring Officer, on whether a decision is likely to be contrary to or not wholly in accordance with the budget and policy framework.
- Setting and monitoring compliance with financial management standards.
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
- Providing financial information.
- Preparing the revenue budget and capital programme.
- Preparing medium term financial plans.
- Treasury management.

Section 114 of the Local Government Finance Act 1988 requires the Director of Finance to report to Council, Cabinet and external auditor if the Council or one of its officers:-

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

Section 114 also requires:-

- The Director of Finance to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally.
- The Council to provide the Director of Finance with sufficient staff, accommodation and other resources to carry out his statutory duties under Section 114.

2.7 *Departmental Heads*

They are responsible for:-

- Ensuring that Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Director of Finance.
- Liaising with the Council Solicitor in relation to the signing of contracts on behalf of the Council.

Departmental Heads must consult with the Director of Finance and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

2.8 *Other Financial Accountabilities*

2.8.1 VIREMENT

Full Council is responsible for agreeing procedures for virement between budget headings, except that no transfers to/from the Housing Revenue Account are permitted.

Virement will operate as follows:-

- Departmental Heads can exercise virement up to £35,000 within a single portfolio, following consultation with the relevant portfolio holder and Director of Finance, provided there is no change in Council policy and no additional financial commitment for future years. If the proposal is likely to affect services of another Departmental Head, then it will only be implemented with the agreement of that Departmental Head.
- Virement proposals within a single portfolio, between £35,001 and £75,000, require the approval of Cabinet, following a joint report of the Director of Finance and relevant Departmental Heads. The report must specify the proposed expenditure and the availability of unspent budget provision, and explain the implications for the current and future financial years.
- Any virement proposal in excess of £75,000 requires Full Council approval, following a report covering matters in the preceding paragraph.
- Any proposal for virement between portfolios up to £35,000, requires the approval of Cabinet, following a report covering the matters detailed above.
- Any proposal to vire between portfolios in excess of £35,000, or which involves a change in Council policy, or which creates additional financial commitment for future years, requires the approval of Full Council.

- Approval to virement can only be given prior to expenditure being committed and no retrospective approvals will be given.

2.8.2 TREATMENT OF YEAR END BUDGET BALANCES

Full Council is responsible for agreeing procedures for carrying forward under-spending and overspending on approved budget heads.

The system is as follows:-

- Where an individual service within a portfolio:
 - (a) Over-spends its approved budget (excluding asset charges) the amount of the overspend will be carried forward into the following financial year, to provide a first call on that year's budget.
 - (b) Under-spends its approved budget (excluding asset charges) the amount of under-spend will, upon receipt of a request and necessary written justification from the budget holder and approval of such by the Director of Finance, be carried forward into the following financial year to provide additional resources in that year.
- A report will be submitted to Council by the Director of Finance, at the same time as the Annual Statement of Accounts is considered, detailing the extent of over/under-spending, together with information on service implications identified by the appropriate Departmental Heads.
- Any proposed application of under-spending must not create ongoing financial liability beyond the carry over year.

2.8.3 ACCOUNTING POLICIES

The Director of Finance is responsible for determining the Council's accounting policies and ensuring that they are applied consistently across the authority.

2.8.4 ACCOUNTING RECORDS AND RETURNS

The Director of Finance is responsible for determining the accounting procedures and records for the Council.

2.8.5 ANNUAL STATEMENT OF ACCOUNTS

The Director of Finance is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC).

Full Council is responsible for approving the Annual Statement of Accounts.

3. FINANCIAL PLANNING

3.1 Introduction

Full Council is responsible for agreeing the Council's Budget and Policy Framework, as proposed by Cabinet. In terms of financial planning, the key elements are the revenue budget and the capital programme.

3.2 Budget and Policy Framework

3.2.1 Full Council is responsible for approving the Budget and Policy Framework. The Plans and Strategies which comprise the Policy Framework are detailed in Part 2 Article 4 of the Constitution.

3.2.2 Full Council is responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the Policy Framework and for determining the circumstances in which a decision will be deemed to be contrary to the Budget or Policy Framework.

3.2.3 Full Council is responsible for setting the level at which Cabinet may reallocate budget funds from one service to another. The Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the policy framework within the financial limits set by the Council.

3.3 Budgeting

3.3.1 Budget Format

The general format of the budget will be approved by the Full Council, following consideration by Cabinet on the advice of the Director of Finance. The draft budget will include allocation to portfolios, services and projects, proposed taxation/rent levels and contingency funds.

3.3.2 Budget Preparation

The Director of Finance is responsible for ensuring that a revenue budget is prepared on an annual basis. The Full Council may amend the budget or ask Cabinet to reconsider it before approving it. He/she will prepare a revenue and capital forecast covering a three year period for consideration annually by Cabinet.

Cabinet is responsible for issuing guidance on the general content of the budget in consultation with the Director of Finance as soon as possible following approval by the Full Council.

It is the responsibility of department heads to ensure that budgets reflecting agreed service plans are submitted to Cabinet and these budgets are prepared in line with guidance issued by Cabinet.

3.3.3 *Budget Monitoring and Control*

It is the responsibility of departmental heads to control expenditure/income within their area and to monitor performance, taking account of financial information provided by the Director of Finance. They must also take any action necessary to avoid exceeding their budget allocation, taking due regard of the rules of virement and year end balances detailed in para. 2.8 above, and will notify the Director of Finance of any budgetary problems.

Director of Finance is responsible for providing appropriate financial information and delivery of training needs to assist departmental heads in the effective monitoring of budgets. He/she must monitor the overall position on expenditure/income against budget allocations and report to Cabinet on a minimum frequency of twice yearly.

3.3.4 *Resource Allocation*

The Director of Finance is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Policy Framework.

3.3.5 *Preparation of Capital Programme*

Director of Finance is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by Cabinet/Scrutiny before submission to the Full Council. The capital programme will take account of the Budget and Policy Framework, Corporate Capital Strategy, Asset Management Plan and option appraisal tool.

3.3.6 *Guidelines*

Relevant guidelines on budget preparation are issued to Members and departmental heads by the Cabinet, following agreement with the Director of Finance. The guidelines will take account of:-

- Available resources
- Medium-term planning prospects
- Strategic plans
- Legal requirements
- Spending pressures
- Best Value and other relevant Government guidelines
- Other internal policy documents
- Any cross-cutting issues

3.3.7 *Maintenance of Reserves*

It is the responsibility of the Director of Finance to report to Council and Cabinet on prudent levels of reserves for the authority.

4. RISK MANAGEMENT AND CONTROL OF RESOURCES

4.1 *Introduction*

4.1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational and financial risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.

4.2 *Risk Management*

4.2.1 Cabinet is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management. Responsibility for ensuring that appropriate insurance arrangements are made lies with Cabinet following advice from the Director of Finance.

4.2.2 Director of Finance is responsible for preparing the Council's risk management policy statement and strategy, for promoting it throughout the Council and for advising Cabinet on appropriate insurance arrangements.

4.3 *Internal Control*

4.3.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.

4.3.2 Director of Finance is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that funds are properly safeguarded and used economically, efficiently and in accordance with the statutory and other authorities that govern their use.

4.3.3 It is the responsibility of departmental heads to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

4.4 *Audit Requirements*

4.4.1 The Accounts and Audit Regulations 2003 require all local authorities to maintain an adequate and effective internal audit service.

4.4.2 The Audit Commission is responsible for appointing external auditors to each local authority.

4.4.3 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as H.M. Customs and Excise

and the Inland Revenue, who have statutory rights of access to records and information.

4.5 *Preventing Fraud and Corruption*

4.5.1 The Director of Finance is responsible for development and maintenance of an anti-fraud and corruption policy.

4.6 *Assets*

4.6.1 Departmental heads must ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service provision in the event of disaster or system failure are in place.

4.7 *Treasury Management*

4.7.1 The Council has adopted a Local Code of Practice for Treasury Management in Local Authorities, encompassing CIPFA recommendations.

4.7.2 The Council is responsible for approving the Treasury Management strategy prior to commencement of new year, setting out the matters detailed in paragraph 15 of the CIPFA Code. The Director of Finance has responsibility for implementing and monitoring the strategy.

4.7.3 All Council monies are controlled by the Director of Finance, as the Section 151 officer.

4.7.4 All decisions on borrowing, investment or financing shall be delegated to the Director of Finance, who is required to act in accordance with the Local Code.

4.7.5 The Director of Finance is responsible for reporting to Cabinet each half year on the activities of the Treasury Management operation and on the exercise of his delegated Treasury Management powers. One such report will comprise an annual report on Treasury Management for presentation by 30th September of the succeeding financial year.

4.8 *Staffing*

4.8.1 The Chief Executive is responsible for providing overall management to staff. He is also responsible for ensuring that there is proper use of an evaluation process for determining the remuneration of a job.

4.8.2 Departmental heads are responsible for controlling total staff numbers by:

- Advising Cabinet on the budget necessary in any given year to cover estimated staffing levels.
- Adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs.
- The proper use of appointment procedures.

5. SYSTEMS AND PROCEDURES

5.1 Introduction

5.1.1 Sound systems and procedures are essential to an effective framework of accountability and control.

5.2 General

5.2.1 The Director of Finance is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by departmental heads of the existing financial systems or the establishment of new systems must be approved by the Director of Finance. However, departmental heads are responsible for the proper operation of financial processes in their own departments.

5.2.2 Any changes to approved procedures by departmental heads to meet their own specific service needs must be agreed with the Director of Finance.

5.2.3 Departmental heads should ensure that their staff receive relevant financial training that has been approved by the Director of Finance.

5.2.4 Departmental heads must ensure that, where appropriate, computer and other systems are registered in accordance with legislation on data protection and illegal software. Departmental heads must ensure that members of staff are aware of their responsibilities under freedom of information legislation.

5.3 Income and Expenditure

5.3.1 It is the responsibility of departmental heads to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the departmental head's behalf, or on behalf of the Cabinet, in respect of payments, income collection and placing orders, together with the limits of their authority.

5.3.2 The Director of Finance shall be responsible for approving any proposals for writing off irrecoverable debts of the Council, in accordance with delegated powers.

5.4 Payments to Employees and Members

5.4.1 The Director of Finance is responsible for all payments of salaries and wages to staff, including payments for overtime and for payment of allowances to Members.

5.5. *Taxation*

5.5.1 The Director of Finance is responsible for advising departmental heads, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.

5.5.2 The Director of Finance is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

5.6 *Trading Units/Business Units*

5.6.1 It is the responsibility of the Director of Finance to advise on the establishment and operation of trading units and business units.

6. **EXTERNAL ARRANGEMENTS**

6.1 *Introduction*

6.1.1 The Council has a key leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion and improvement of the social, economic and environmental wellbeing of the area.

6.2 *Partnerships*

6.2.1 Cabinet is responsible for approving partnership frameworks and is the focus for forming partnerships with other local public, private and community sector organisations to address local needs.

6.2.2 The Chief Executive, as head of the paid service (or his/her nominee), will represent the Council on partnerships and external bodies.

6.2.3 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to administration in partnerships that apply throughout the Council.

6.2.4 The Director of Finance must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He/she must, in conjunction with the Monitoring Officer, also consider the overall Corporate Governance arrangements and legal issues when arranging contracts with external bodies. He/she must also ensure that the risks have been fully appraised before agreements are entered into with external bodies.

6.3 *External Funding*

6.3.1 The Director of Finance is responsible for ensuring that all funding provided by external bodies is received and properly recorded in the Council's accounts.

6.4 *Work for Third Parties*

- 6.4.1 Cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies.

APPENDIX 2

TIMETABLE FOR REVIEW OF CONSTITUTION : ACTION PLAN

Item	Target Date
Gifts and Hospitality - Code of Conduct for Councillors (MT.327/02)	September 2003
Monitoring Officers Protocol (MT.327/02)	September 2003
Contract Regulations	October 2003
Corporate Governance	December 2003
Budget Framework	December 2003
Partnership Protocols	December 2003