

1. FINANCIAL RESPONSIBILITIES

1.1 General

Before any proposal that affects the Council's financial position is made the body or person(s) responsible for making that decision, or for making a recommendation to that body or person(s), shall consider a written report, approved by the Chief Financial Officer, detailing the financial implications.

1.2 The Council

Will:

- ◆ determine the Council's Financial Strategy and Medium Term Financial Plan (MTP), approve the annual budget and set the level of the council tax.
- ◆ approve the Council's Treasury Management Strategy and Prudential Indicators.
- ◆ approve changes to this Code.

1.3 The Corporate Governance Panel

Will:

- ◆ ensure that the financial management of the Council is adequate and effective.
- ◆ ensure that the Council has a sound system of internal control including arrangements for the management of risk.
- ◆ consider the Council's Code of Corporate Governance and approve the annual statement.
- ◆ approve the internal audit charter and the annual internal audit plan and comment on the external audit plan.
- ◆ approve the Council's final accounts before publication.
- ◆ consider reports from the external auditor.
- ◆ recommend changes to this Code to the Council.

1.4 The Cabinet

Will:

- ◆ propose to the Council:
 - the Financial Strategy
 - the MTP
 - the annual budget and council tax level
 - a combined annual report including the Treasury Management Strategy, Treasury Management Policy and Prudential Indicators,after considering the views of the appropriate Overview and Scrutiny Panel and representatives of the business community.
- ◆ set financial priorities, allocate and re-allocate resources in accordance with the limits in this Code, monitor and review financial performance.

1.5 **Overview and Scrutiny Panels**

Will contribute to the development of, and review the effectiveness of, the Council's Financial Strategy, MTP, Treasury Management and annual budget.

1.6 **Cabinet, Panels and Working Groups**

Will ensure that all decisions within their remit are made within the resources allocated within relevant budgets and are consistent with achieving the Council's objectives. If they wish to make proposals that will require additional resources, these will need to be subject to Officers, the Cabinet or the Council making these available in accordance with this Code.

1.7 **Members and Employees**

Will contribute to the general stewardship, integrity and confidence in the Council's financial affairs and comply with this Code and any systems, procedures, or policies relating to the financial management of the Council.

Specifically, they shall bring to the attention of the **Chief Financial Officer** any act or omission that is contrary to the provisions of this Code or the maintenance of high standards of financial probity, and provide information or explanation on matters within their responsibility to him/her, the Monitoring Officer, Internal Audit Service or the Council's external auditors.

Any member or employee who is involved in a transaction with the Council, or who has an **interest** in a transaction between a third party and the Council, shall declare the nature and amount to the Council's Monitoring Officer before any decision on the matter is made by the Council. The Monitoring Officer will advise the member or employee of any actions they should or must take.

*For the purpose of this section an **interest** also includes any interest of a member of your family or a close associate or acquaintance. This shall be interpreted as anyone whom a reasonable member of the public might think you would be prepared to favour or disadvantage.*

1.8 **The Monitoring Officer** or, in his/her absence, the Deputy Monitoring Officer

Will report to the Council on any proposal, decision or omission that in his/her view is likely to result in the contravention of the law or any code of practice enacted under it, fails to comply with a legal duty, represents maladministration or is unjust, in accordance with section 5 of the Local Government and Housing Act 1989.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

1.10 The **Chief Financial Officer** or, in his/her absence, the **Deputy Chief Financial Officer**.

Will be responsible for the proper administration of the Council's financial affairs, prescribe appropriate financial systems, protocols, procedures and policies, maintain an internal audit service and report to the Council in the event of a decision or action leading to unlawful expenditure, a loss or deficiency or an unlawful accounting entry (in accordance with section 151 of the Local Government Act 1972, section 114 of the Local Government Act 1988 and the Accounts and Audit Regulations).

Will be responsible for ensuring the final accounts are completed and published by the statutory dates and reporting the details of any material amendments specified by the external auditor to the Corporate Governance Panel.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

1.11 **The Deputy Chief Financial Officer** will be responsible for detailed and operational aspects of the administration of the Council's financial affairs on behalf of the **Chief Financial Officer**, approving new financial systems and undertaking such duties as are set out in this Code.

1.12 **Budget Managers (Corporate Office Manager, Service Managers, Heads of Service, Assistant Directors and Managing Director)**

The Council's management structure is based on Service Managers, Heads of Service, the Managing Director and the Corporate Office Manager taking responsibility for a service and its related budget. For the purpose of this Code they are referred to as Budget Managers. Whilst they retain ultimate responsibility they will often delegate appropriate tasks to their employees.

The Budget Manager responsible for a budget:

- ◆ will be responsible for proper financial and resource management and the prevention of fraud and corruption within the services and functions under their control.
- ◆ will be responsible for informing the Internal Audit & Risk Manager of all suspected or notified cases of fraud, corruption or impropriety
- ◆ may incur financial commitments and liabilities in accordance with this Code, the Council's Scheme of Delegation and resources allocated in budgets that have been released subject to Annex B. In particular they may make purchases of goods and services, subject to the requirements of the Code of Procurement, and employ staff, in accordance with HR policies and any COMT requirements. Annex B deals with the implications of the turnover contingency and includes the requirement that, when an employee leaves, they will determine whether:
 - the post is kept vacant for a period before a decision is made,
 - the post can be deleted,
 - a restructuring should be proposed,
 - joint working with another body should be considered
 - the post should be filled at the end of a defined period,
 - it should be filled as soon as possible,
 - it should be filled as soon as possible and temporary employees or consultants are engaged to provide cover in the meantime.
- ◆ will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services.
- ◆ will determine the inherent risks, within their services, to the achievement of the Council's priorities and establish, maintain and document adequate systems of risk management and internal control, in consultation with the Internal Audit Service, and ensure that relevant employees or Members are familiar with such systems.

- ◆ will be responsible for providing in a timely manner, the information necessary to ensure that the final accounts can be completed by the statutory deadlines.
- ◆ will be responsible for annually reviewing their services to identify any aspects where surplus capacity could be utilised to reduce the net cost of the Council's services. All identified opportunities shall be introduced unless Cabinet or both the Executive Councillor for Finance and of the relevant service consider it would not be appropriate.
- ◆ will be responsible for seeking improvements in the efficiency of their services.
- ◆ will be responsible for identifying opportunities and then bidding for grants or contributions from other bodies to support the achievement of the Council objectives through their services.
- ◆ will be responsible for maximising the income from fees and charges relating to their service in accordance with Annex C.

1.13 **Internal Audit**

Will be responsible for providing an independent and objective opinion on internal control, risk management and governance systems. It will act in accordance with the internal audit charter and undertake reviews that focus on areas of greatest risk to the Council's control environment as contained within a programme agreed annually by the Corporate Governance Panel after consultation with the **Chief Financial Officer** and Budget Managers.

For these purposes internal audit shall have free, full and unrestricted access to services and functions and all Council assets, systems, documents, information, employees and Members. All employees are required to assist internal audit to carry out its role.

2. **FINANCIAL AND SERVICE PLANNING**

2.1 **In the Summer - Overall Review**

The Cabinet shall review the financial performance of the Council in the previous year, compared with the annual budget, on the basis of a report prepared by the **Deputy Chief Financial Officer** in conjunction with Budget Managers.

2.2 **In the Autumn - Financial Strategy**

The Cabinet, after consultation with the relevant Overview and Scrutiny Panel and any appropriate organisations or bodies, shall recommend to the Council a Financial Strategy which will be used to determine the overall financial limits within which the annual budget and MTP will be prepared.

2.3 **In the Winter - Annual Budget and MTP**

The Cabinet shall, after consultation with the relevant Overview and Scrutiny Panel, recommend to the Council an annual budget for the next financial year and a MTP for the succeeding four years, incorporating both capital and revenue expenditure, which is consistent with corporate and service strategies and the Financial Strategy. This budget will include the allocation of resources to individual services and capital projects.

2.4 In the Spring - Service Financial Plans

Following approval of the annual budget each Budget Manager shall update their Service Plan(s) to reflect the approved budget and how the resources allocated will be used to meet service objectives in the forthcoming year.

3. CONTROLLING FINANCIAL PLANS

3.1 Financial Monitoring

Budget Managers will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services. Where it is identified that there will be a significant overspend, this will be promptly reported to the Chief Financial Officer by the Budget Manager. If it is considered necessary by the Chief Financial Officer, the Budget Manager may have to report directly to the Chief Officers' Management Team.

The Chief Officers' Management Team will review, on a monthly basis, the Financial Performance Monitoring Suite (FPMS). The FPMS will include the following:

- ◆ Headline summary of financial performance.
- ◆ Financial Performance Summary (including impact on reserves).
- ◆ Head of Service Corporate Budget Monitoring report for the current year.
- ◆ MTP Savings Forecast for the current year.
- ◆ Pre-achievement of future years savings target report.
- ◆ Financial Dashboard

The FPMS will:

- ◆ be prepared by the Deputy Chief Financial Officer, in consultation with each Budget Manager.
- ◆ Be reported to Cabinet on a monthly basis, starting from July each financial year.

Heads of Service will ensure that relevant Executive Councillors are regularly informed of the progress in delivering approved MTP schemes.

The Deputy Chief Financial Officer will produce and circulate to all members, starting in July of each financial year, a Financial Dashboard. The Financial Dashboard is a high-level financial reporting tool and will include the following for the current financial year:

- ◆ Forecast Revenue Income and Expenditure analysis, including a subjective analysis of gross expenditure.
- ◆ Forecast Capital gross and net income and expenditure, including how the budget has changed from month-to-month and how the capital programme is to be financed.
- ◆ Analysis of Sundry Debtors, including an indication of changes in the Bad Debt Provision.
- ◆ Forecast on the net cost of the Council Tax Support Scheme.
- ◆ Forecast collection of Non-Domestic Rates and Council Tax.
- ◆ Achievement of New Homes Bonus.

3.2 Commitments to Expenditure in Future Years

No new commitment to expenditure beyond the current budget year may be made unless it;

- ◆ is consistent with the achievement of the Council's objectives and other relevant Strategies, **and**
- ◆ is compatible with the Council's MTP and Financial Strategy, **and, either**
- ◆ can be met from within currently approved and released resources. This includes budget transfers in accordance with section 3.6 below, **or**
- ◆ is funded from savings. These must be defined, permanent and not already earmarked for the achievement of the Council's savings targets. This includes any savings identified in accordance with section 3.5 below.

If the Budget Manager has any concerns about their proposal meeting these requirements they must consult the **Deputy Chief Financial Officer**.

3.3 Grants, Cost Sharing and S106/CIL agreements

Where a Budget Manager proposes to take advantage of grants from other organisations, or some other form of cost sharing, whereby they will be able to deliver additional or improved services, consistent with their Service Plan, without creating any current or future commitment to additional net expenditure they may do so subject to:

- ◆ the funds being dependent upon a particular project or service being provided but, in the case of S106/CIL agreements, the location or some other aspect is at the Council's discretion.
- ◆ informing the **Deputy Chief Financial Officer** of the details
- ◆ consulting the relevant Executive Councillor(s) if the proposal exceeds £30,000 revenue or £50,000 capital in any one year or on any discretionary element of a S106/CIL sum.

A Budget Manager may utilise sums of money received under S106/CIL, or equivalent, agreements where there is no discretion. The **Deputy Chief Financial Officer** should be informed of the details. The Budget Manager must also supply the **Deputy Chief Financial Officer** with:

- ◆ A copy of all information that supports the grants received (grant letter etc) so a decision can be made in respect of the correct accounting treatment.
- ◆ Documentation confirming how they plan to meet any grant conditions.

3.4 Approvals for additional spending with a net impact

The Managing Director, or in his absence, the **Chief Financial Officer**, may incur expenditure for the immediate alleviation of hardship or suffering in the case of peacetime emergency in the District. Any exercise of this power must be reported to the Cabinet (under £350,000) or the Council (over £350,000) at the first opportunity.

The Managing Director, or in his absence, the **Chief Financial Officer**, may incur expenditure of up to £350,000 for any purpose which is urgent and demonstrably in the Council's best interests to do so following consultation

with the Executive Leader or Deputy Executive Leader. Any exercise of this power must be reported to the Cabinet at the first opportunity.

Proposals for increases to the total allocated to a budget in the current year (Supplementary Estimates) and their impact in future years may be approved by the Cabinet subject to the revenue impact not exceeding £350,000 in aggregate in any financial year. Once such approvals have been reported to Council the Cabinet's limit will be re-set. A transfer of a sum from capital to revenue will have a revenue impact and so will count as a request for additional spending.

In all other cases the approval of the Council will be required.

3.5 Approvals for additional spending with compensating savings

Proposals that require initial funding but will then result in net surpluses or savings that are at least sufficient to produce a break-even position will be supported in principle if they are:

- ◆ consistent with increasing the achievement of the Council's objectives and compatible with relevant Strategies.
- ◆ achievable within the Council's Financial Strategy.
- ◆ supported by a robust business case which includes a risk assessment.
- ◆ supported by the Chief Officers' Management Team.

The **Chief Financial Officer** may approve such a scheme following consultation with the relevant Executive Councillor for the service and the Executive Councillor for Resources. The relevant budget(s) and MTP will be appropriately adjusted.

3.6 Budget Transfers

Each Budget Manager will have responsibility for some or all of the following types of budget which are defined by the grey highlighted lines in the "Controllable Budget" Annex to the approved budget and MTP.

- ◆ **Service Revenue Budgets**
These budgets include the direct controllable costs of providing the particular service to the public and are shown in the controllable budget annex when the budget is approved. They do not include any revenue impact of capital funding or recharges from any Management Units or Overhead Budgets.
- ◆ **Capital Scheme Budgets**
These provide the funding to complete a defined capital project and may include provision for some recharges from Management Units and Overhead Budgets to cover project management and design fees where these are carried out internally.
- ◆ **Management Unit Budgets**
Management Unit budgets collect together the employment and ancillary costs of those employees who carry out or support the Council's services. In some cases, where the employees are only involved in providing a single service they may be included under the relevant Service Revenue budget.
- ◆ **Overhead Budgets**
Overhead budgets collect together the direct costs of certain overheads which support the delivery of services. e.g. office costs.
- ◆ **Technical Budgets**

These budgets will be the responsibility of the Deputy Responsible Finance Officer. These include items such as borrowing and investment interest, unallocated contingencies and the Minimum Revenue Provision. They will not be available for transfer to other budgets except in meeting the specific purpose for which they were established.

Whilst most budgets will reflect a net cost, some will identify an expected surplus.

The transfer of resources within, or between, any of the types of budgets is supported in principle when it will make it more likely that the Council will achieve its service objectives and targets or enhance value for money. There do, however, need to be some limitations for effective financial management and to ensure that Executive Councillors, Cabinet and Council are aware of, and involved in, the more significant changes or where there is a financial implication.

The limitations fall into three categories. The first relates to Technical Budgets and recharges and Annex A details the budget transfers that will not be permitted in relation to them. The second relates to budgets for pay, national insurance and pension contributions and Annex B explains why and how budget transfers relating to these items are limited. Finally, the required involvement of Members is defined below.

The Budget Manager may approve a budget transfer within and between the budgets they are responsible for providing it is:

- ◆ Consistent with increasing, or at least maintaining the achievement of service objectives and compatible with the Council's Financial and other relevant Strategies.
- ◆ Not to or from a Technical Budget or from a pay, NI or pension contributions budget unless permitted by Annexes A or B.
- ◆ Not from capital to revenue.
- ◆ Notified to the Deputy Chief Financial Officer
- ◆ Within the following limits if between budgets (there shall be no financial limits within a budget):
 - Revenue to revenue £75k
 - Revenue to capital £75k
 - Capital to capital £75k

The **Chief Officers' Management Team** may, subject to the same criteria, except for the enhanced limits shown below, approve budget transfers between any budgets:

- Revenue to revenue £150k
- Revenue to capital £150k
- Capital to capital £150k

Cabinet may approve budget transfers of up to:

- Revenue to revenue £350k
- Revenue to capital £350k
- Capital to capital £350k

In all cases, any previous transfers in the same financial year relating to those budgets shall be aggregated for determining whether the limit has been

exceeded, however once the impact of any approval has been included in a relevant financial report to Council, the relevant limit will be re-set.

In all other cases the approval of the Council will be required.

3.7 Re-phasing of Expenditure

The re-phasing of expenditure and consequent transfer of budget between years may be made by the **Chief Financial Officer** following a request from a Budget Manager, providing that it is consistent with service objectives and compatible with the Council's Financial and other relevant Strategies. Revenue expenditure will only, normally, be rephased to later years if it relates to a specific project with identified funding in the current year that has been delayed for reasons outside of the control of the relevant Budget Manager. The amount is further limited by the net under spending on that Budget Manager's relevant budget(s) in the current year.

3.8 Price Base Changes

Allocation to individual Budgets of any provision for inflation or other purposes will be determined by the **Deputy Chief Financial Officer**.

3.9 Project Appraisals

All proposals for changes to the MTP will require an explanatory appraisal, unless the **Deputy Chief Financial Officer** considers that the item is of a technical nature. Appraisals for new and modified schemes will be made available to Members, via the Council's intranet, by the date on which the related reports are circulated.

4. CASH AND CREDIT MANAGEMENT

4.1 Banking

The **Chief Financial Officer** is responsible for all Council banking arrangements and shall maintain an account(s) with an appropriate bank(s) as defined in the Treasury Management Strategy. All transactions involving income or expenditure shall be dealt with through the Council's bank account(s).

4.2 Income

All employees receiving money (including cash, cheques, credit card payments etc.) must comply with the relevant procedures issued by the Head of Customer Services to ensure that the sums are properly recorded, receipted and banked.

No cash payment in excess of £1,000 will be accepted.

The Head of Customer Services will manage the Council Tax and Non-Domestic Rating collection service on behalf of the Council; including the billing and debt recovery procedures.

The **Deputy Chief Financial Officer** shall manage a sundry debt collection service on behalf of the Council and all sums due must be registered by raising an invoice on the Council's Financial Management System or some other system or procedure approved by the **Deputy Chief Financial Officer**.

All Budget Holders are required to ensure that:

- ◆ Invoices are raised promptly
- ◆ The income team are advised promptly of any required invoice adjustments
- ◆ Invoice queries are answered promptly
- ◆ The income team are informed of any information that may affect the recovery of any invoiced sums
- ◆ They periodically consider, in liaison with the income team, whether there would be a more effective or efficient way of collecting sums due (e.g. cash in advance).

4.3 Treasury Management

All Treasury Management activities will be undertaken in accordance with the Council's annual Treasury Management Strategy, which includes its policies, objectives, approach to risk management and its prudential indicators. The Strategy will comply with the Code of Practice for Treasury Management and the Prudential Code for Capital Finance, both published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and reflect any published Government advice.

The Council shall have overall responsibility for Treasury Management and will formally approve the annual Treasury Management Strategy and receive an annual and mid-year report on treasury management activities.

The Cabinet will be responsible for the implementation and regular monitoring of treasury management activity. **The Treasury Management Advisory Group will include:**

- ◆ the Executive and Deputy Leaders, the Executive Councillor responsible for resources and the Chairman of the Overview and Scrutiny (Economic Well-being) Panel. Other members can be co-opted onto the group at the discretion of the Executive Leader.
- ◆ The Managing Director, the Chief Financial Officer and the Deputy Chief Financial Officer. Other officers can be co-opted onto the group at the discretion of the Managing Director or the Chief Financial Officer.

The Overview and Scrutiny (Economic Well-being) Panel will be responsible for the scrutiny of treasury management.

The execution and administration of treasury management is delegated to the **Deputy Chief Financial Officer** who will establish treasury management practices for the operation of the function which will ensure compliance with the Strategy and create appropriate systems of monitoring and control.

4.4 Payments

All payments must be made either:

- ◆ through the Council's purchase ledger system, with payments being made direct to the supplier's bank account wherever this is practicable.
- ◆ by corporate card or procurement card
- ◆ by direct debits or standing orders

- ◆ by some other system specifically approved by the Deputy Chief Financial Officer.

in each case complying fully with the relevant procedures for that system (e.g. appropriate authorisation), particularly the requirement to obtain official VAT receipts, as determined by the Deputy Chief Financial Officer.

5. ACCOUNTING PROCEDURES

5.1 The Council will follow the best practice guidance contained in the Accounting Code of Practice and other relevant publications produced by CIPFA in the preparation and maintenance of its accounts.

5.2 Annual Financial Report

The Annual Financial Report (formerly the Statement of Accounts) shall be presented to the Corporate Governance Panel for approval within the prescribed statutory timescale.

5.3 Records

Each Budget Manager is responsible for maintaining records of financial transactions and commitments and employee time, in forms agreed with the Deputy Chief Financial Officer, and for ensuring that all financial transactions are properly recorded in the appropriate financial period and to an appropriate account within the Council's Financial Management System. Each Budget Manager is responsible for ensuring that the Financial Management System is used only by authorised individuals and for proper council purposes.

In respect of all contractual payments where the contract was required to be recorded on the Contracts Register in accordance with paragraph 3.1 of the Code of Procurement, the Budget Manager shall ensure that all invoices or payment records authorised for payment shall include in the 'Our Reference' field in Council's Financial Management System (efinancials), the unique Contract Register reference. This number shall be in the same format/style as allocated by the Contract Register.

5.4 Retention of Documents

Documents required for the verification of accounts, including invoices, shall be retained in a retrievable format for any statutory period, or otherwise for six years or such other time that is specified by the Deputy Chief Financial Officer.

5.5 Contingent Assets and Liabilities

Any Officer who is aware of a material and outstanding contingent asset or liability shall notify the Deputy Chief Financial Officer, who shall include details in the Council's accounts or in a Letter of Representation to be presented to the Council's external auditors in respect of those accounts.

5.6 Stock

The Deputy Chief Financial Officer shall determine, after consultation with the relevant Budget Manager, when Stock accounts shall be maintained. This will normally be where the value of the items are significant or the items are considered to be vulnerable to loss or theft.

In such cases the relevant Budget Manager shall ensure that a certified stock-take is carried out in the last week of March each year, and that records of receipt and issue of all stock are maintained throughout the year in a manner agreed with the Deputy Chief Financial Officer.

5.7 Insurance

The Internal Audit Manager shall obtain insurance to protect the Council or minimise its potential losses from risks including those to employees, property, equipment and cash. Any decision not to insure significant risks must be based on a detailed risk assessment.

5.8 Write-off of Irrecoverable Debts

The Head of Customer Services, or in his/her absence the Deputy Chief Financial Officer, is authorised to write-off debts with an individual value of up to £5,000, or of a greater amount after consultation with the Executive Councillor responsible for resources, having taken appropriate steps to satisfy himself/herself that the debts are irrecoverable or cannot be recovered without incurring disproportionate costs.

A summary report of debts written-off shall be submitted to the Cabinet quarterly.

5.9 Accounts Closure, Accounting Accruals and Estimates

The Annual Financial Report will be produced in line with both statutory regulations and relevant Codes of Practice.

The Deputy Chief Financial Officer will ensure that there is appropriate liaison with service teams prior to closure, including the hosting of relevant training and the issue of closure guidance and timetables. The accruals de-minimis limits will be adhered to by all services, and where estimated accruals are to be issued they are to be supported by accurate calculation. Other accounting estimates will be calculated by accountancy staff in line with professional advice.

Provisions, either for Bad Debts or other purposes will be calculated in line with the guidelines approved by the Deputy Chief Financial Officer. Earmarked reserves can only be established with the agreement of the Chief Financial Officer.

6. ASSETS (Capital)

6.1 Definition

An asset is an item of land, building, road or other infrastructure, vehicle or plant, equipment, furniture and fittings or information and communications technology, (hardware and software) with a life exceeding one year.

6.2 Control of Assets

Each Budget Manager is responsible for ensuring that the assets relating to their services are properly safeguarded, managed and maintained, and used only to achieve the Council's objectives. This will include establishing and maintaining appropriate security, control systems and records. They will need to consult relevant officers in relation to specialist items and, where vehicles

are concerned, the officer holding the Council's Operating Certificate who has specific statutory responsibilities.

Heads of Service must keep up to date records so a physical verification of all capital assets, and their condition, is possible.

6.3 Acquisition

The purchase of assets has to be in line with the requirements of "Best Value" and should be acquired in a similar way as goods and services are acquired (see the Code of Procurement). Heads of Service:

- ◆ should follow advice from relevant specialist colleagues in appropriate cases e.g. IMD, vehicle management, legal, procurement,
- ◆ must have received approval from the Capital and Treasury Strategy Group that the disposal of the asset is agreed.

The relevant Budget Manager shall inform the Deputy Chief Financial Officer within 10 working days of the acquisition of an asset which meets the definition for capital expenditure:

- ◆ Plant and vehicles over £10k
- ◆ other individual items over £10k
- ◆ aggregations of similar articles amounting to £10k e.g. wheelie bins

6.4 Disposal

The disposal of assets has to be in line with the requirements of "Best Value" and should be disposed of in a similar way as goods and services are acquired (see the Code of Procurement). Heads of Service:

- ◆ should follow advice from relevant specialist colleagues in appropriate cases e.g. IMD, vehicle management, legal, procurement,
- ◆ must have received approval from the Capital and Treasury Strategy Group that the disposal of the asset is agreed.

Once the asset is disposed of, the relevant Budget Manager will inform the Deputy Chief Financial Officer within 10 working days of any disposal of an asset included in the Asset Register.

6.5 Capital Expenditure

The purchase or improvement of any asset will normally be treated as capital expenditure. However, expenditure of less than £10,000 will not normally be treated as capital expenditure unless the Deputy Chief Financial Officer considers it is in the Council's interests to do so.

6.6 Leases

Finance and operating leases are to be used only if they are in the Council's financial interest and with the prior formal approval of the Deputy Chief Financial Officer.

6.7 Valuations

In order to comply with accounting requirements assets will need to be revalued at regular intervals. A three year “phased” revaluation programme will be followed, other than for:

- ◆ those assets that are categorised as “investment” properties (e.g. industrial units), which must be revalued every year, or
- ◆ where, following significant capital investment or disinvestment in an asset within an asset group, whereby the whole asset group will be revalued.

All capital asset revaluations for the Annual Financial Report will be obtained by the Deputy Chief Financial Officer.

TECHNICAL BUDGETS

The following budgets cannot be reduced by officers in order to permit extra expenditure on another budget except where this is part of the specific purpose for which they were established.

- ◆ Any contingency, unless it complies with the approved rules for the use of that contingency or is an adjustment to reflect the technical application of the contingency (e.g. allocation of inflation from an inflation contingency)
- ◆ Capital charges
- ◆ Minimum Revenue Provision
- ◆ Pension Liabilities (as opposed to pension contributions)
- ◆ Interest paid
- ◆ Interest received
- ◆ Recharges

BUDGETS FOR PAY
(Pay is deemed to include NI and
Pension Contributions for the purpose of this annex)

1. The Councils pay budget represents the approved establishment of the Council. For each given year, the pay budget will be net of approved pay savings.
2. In any given year it is unlikely that the Council will exactly meet its pay budget; this could be due to a range of reasons; including delayed recruitment, new starters starting on lower spinal points or natural gaps in the recruitment process.
3. Obviously it is unlikely that each pay budget will be equally affected in any particular year and therefore, to simplify budget monitoring, each pay budget includes 100% of employee costs. Through ongoing budget monitoring, where savings are identified that are in excess of previously approved MTP savings, pay budgets will be reduced and the saving transferred to meet any MTP approved unallocated savings. It is expected that Budget Managers will be robust in their approach to staff budgets and where savings are identified, they will be expected to be given up.
4. Therefore the use of savings, virements or rephasing relating to a pay budgets, whether temporary or permanent, will not be permitted.

Employees Leaving

5. In order to maximise the likelihood of achieving this saving a Budget Manager must, whenever an employee gives their notice, determine whether:
 - a. the post is kept vacant for a period before a decision is made,
 - b. the post can be deleted,
 - c. a restructuring should be proposed,
 - d. joint working with another body should be considered
 - e. the post should be filled at the end of a defined period,
 - f. it should be filled as soon as possible,
 - g. it should be filled as soon as possible and temporary employees or consultants are engaged to provide cover in the meantime.
6. In deciding on which option to take the Budget Manager should take appropriate HR and financial advice. The decision must include consideration of any need for temporary or permanent regradings, acting up allowances, honoraria, employees or consultants.
7. Budget Managers will also need to liaise with HR to arrange recruitment advertising and ensure that the recruitment arrangements comply with the process agreed by the Employment Panel.

Exceptions

8. If the Budget Manager can demonstrate the **critical** nature of maintaining immediate service cover in certain key work areas then the requirements of paragraph 4 above will not apply and the saving/budget reduction may be reduced or nil. Examples where this might apply would be if vacancies would result in insufficient employees with the necessary abilities or skills to run refuse rounds or to safely open swimming pools. This is conditional upon agency, or equivalent employees, being available with the necessary skills and/or abilities.

9. If the Budget Manager can demonstrate that a critical backlog of work has developed from continuing vacancies such that the service to the public is seriously compromised or net additional costs would become unavoidable the saving/budget reduction may be reduced. Examples where this might apply would be dealing with benefit applications or collecting council tax income. This is conditional upon agency, or equivalent employees, being available with the necessary skills and/or abilities.

MAXIMISING INCOME FROM FEES AND CHARGES**The Budget Manager responsible for a budget shall:**

- ◆ annually review their services to identify any aspects that are not currently, but could be charged for. Charges for such aspects shall be introduced unless Cabinet **or** both the Executive Councillor for Resources and of the relevant service consider it would not be appropriate.
- ◆ review fees and charges and introduce any resulting changes at least annually, after consultation with the relevant Executive Councillor(s) unless there is a formal requirement for the charges to be determined by Cabinet or a Panel. In doing so, they:
 - shall ensure that relevant legislation that specifies the charges to be made or constrains them in any way is complied with.
 - shall, after having regard to the charges of any alternative service providers with whom the Council is competing, seek to maximise income, net of applicable costs, unless it will have a clearly detrimental impact on the achievement of the Council objectives.
 - may introduce differential pricing to particular client groups where these are expected to stimulate demand and generate additional net income which would otherwise not be obtained.
 - may set prices lower than could be reasonably achieved if this is demonstrably the most cost effective way of achieving Council objectives and the necessary funding is available. Use of this option requires approval of Cabinet **or** both the Executive Councillor for Finance and of the relevant service.
 - may set fees and charges that allow an element of discretion if it can be demonstrated that this will lead to an overall benefit to the Council. It is important that any use of discretion is recorded so that it can be clearly shown that decisions have been made fairly and consistently.
 - shall keep appropriate records to demonstrate that the required actions have been undertaken and how the decisions were reached.