



# CONSTITUTION OF THE COUNCIL

## Part 4 Section 5

### FINANCIAL REGULATIONS

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## Financial Regulations

## Introduction

### 1. Introduction

#### 1.1 Context

These Financial Regulations set out the financial policies and the framework for managing the Council's financial affairs. They apply to every Member and Officer, and anyone in the public or private sector who acts on behalf of the Authority.

The Regulations are organised around 10 themes, as follows:

- (ii) Financial Roles and Responsibilities (see Section 2)
- (iii) Financial Planning (see Section 3)
- (iv) Financial Management (see Section 4)
- (v) Accounting Records and Financial systems (see Section 5)
- (vi) Risk Management and Internal Control (see Section 6)
- (vii) Control of Resources (see Section 7)
- (viii) Income and Expenditure (see Section 8)
- (ix) External Arrangements (see Section 9)
- (x) Financial Limits (see Section 10)
- (xi) Other Key Policies and Documents (see Section 11)

They seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting principles and good professional practice.

Officers and Members are authorised to make decisions in accordance with these Financial Regulations, but they do not authorise any person to make a decision which is contrary to any provision in the Constitution.

## **1.2 Financial Responsibilities**

An overview of the financial responsibilities of the Council, various Committees, the Chief Executive, the Director of Finance, other Directors, and the Monitoring Officer is provided in **Section 2** of the Financial Regulations. Specific responsibilities are explained, in context, throughout the Financial Regulations.

The Director of Finance is the Council's Responsible Finance Officer under Section 151 (s151) of the Local Government Act 1972 and is responsible for maintaining a continuous review of the Financial Regulations and for updating them, as necessary, for Council to approve. The s151 officer is also responsible for reporting, where appropriate, breaches of the Financial Regulations to the Council.

## **1.3 Advice and guidance to underpin the Financial Regulations**

The s151 officer will, from time to time, issue advice, guidance and accounting instruction notes to underpin the Financial Regulations, ensure compliance with specific statutory provisions and reinforce best professional practice. Members, officers and others acting on behalf of the Council are required to comply with such advice and guidance.

## **1.4 Compliance**

All financial and accounting procedures **must** be carried out in accordance with the Financial Regulations and with any accounting instruction notes and other corporate guidance issued by, or on behalf of, the s151 officer.

Chief Officers will ensure that their staff are aware of the existence and content of the Council's Financial Regulations, accounting instruction notes and other corporate guidance, and ensure compliance with them.

Any failure to comply may lead to action by management in accordance with the Council's Disciplinary Procedures.

### **1.5. Scope of the Regulations**

The Financial Regulations, including advice, guidance and accounting instruction notes issued to underpin the Financial Regulations, apply to **all** services of the Council.

Whilst Schools have their own Financial Regulations, some specific references are made to schools' operations within these Regulations (i.e. where responsibilities are placed upon Council officers that are not employed within schools and upon Members of the Council). Advice and guidance given to schools by the Council's officers will not be contrary to the Council's own Financial Regulations.

#### **Note**

Throughout this document the term Chief Officers is used and refers to Chief Executive/ Directors/Assistant Directors as per the Senior Management structure of the Council. The Director of Finance should be assumed to be the Chief Finance Officer and the Director of Law and Governance is assumed to be the Monitoring Officer when reading this document.

## **2. Financial Roles and Responsibilities**

### **2.1 Introduction**

The roles and responsibilities of Members and Officers are set out within the Council's Constitution. The purpose of the Financial Regulations is to provide an overview of the respective financial roles and responsibilities of Members and Officers. Specific financial responsibilities are set out in more detail throughout the subsequent sections of the Regulations.

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

Officers requiring further advice should contact their line manager. The Financial Regulations do not cover every eventuality and therefore the spirit should always be followed. Where there is any uncertainty in respect of the Financial Regulations, the s151 officer should be consulted.

Should there be a requirement for interpretation or any conflict between these Financial Regulations and any other part of the Constitution, the Monitoring Officer should be consulted. Should any conflict between these Financial Regulations and the Council's Budget and Policy Framework Procedure Rules, at Part 4(3) of this Constitution, the Council's Budget and Policy Framework Procedure Rules prevail.

Where urgent action becomes necessary as a result of some unforeseen emergency the Chief Executive, in consultation with the s151 officer (or nominated representative), may take appropriate action and waive the Financial Regulations. Every use of this rule must be reported by the s151 officer, in writing, to the next available meeting of the Policy and Resources Committee and Council. Such action includes, but is not limited to, imposing an emergency vacancy (vacancies) or spending freezes.

### **2.2 Council**

The Full Council is responsible in accordance with Part 3 Section A of the Constitution for:

- (i) Adopting and changing the Constitution (*including the Financial Regulations*), which sets out how the Council works, how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability to local people
- (ii) Approving and adopting the policy framework which incorporates the Council's Corporate Plan and various other plans and strategies, and is developed in line with the Council's Budget and Code of Corporate Governance
- (iii) Approving the annual budget, which includes:



- The allocation of financial resources to different services and to capital projects, and the setting of trading activities' financial targets
- The level of contingency funds, reserves and balances to be held
- The Council Tax base and setting the Council Tax
- The Non-Domestic Rates tax base and setting the precept for Business Rates
- Decisions relating to the control of the Council's borrowing requirement, including setting of Prudential Indicators which define the parameters for borrowing activity, and the approval of the Council's Minimum Revenue Provision (MRP) policy for the repayment of debt
- The annual Treasury Management Strategy
- The annual pay policy statement

(iv) Making arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs

(v) Making arrangements for approving the statutory annual statement of accounts by dates specified by relevant regulations

## **2.3 Policy and Resources Committee**

Policy and Resources Committee in accordance with its Terms of Reference in the Constitution, is responsible for:

- (i) The preparation of the Council's policies and budget framework and making recommendations on them to Council
- (ii) Taking decisions on resources and priorities to deliver and implement the Council's policies and budget in accordance with paragraph 1.2 (a) and (b) of its Terms of Reference

## **2.4 The Standing Committees of the Council**

The Standing Committees are responsible for providing a view of performance, budget monitoring and risk management in relation to the committee function in order to ensure value for money.

## **2.5 Audit Committee**

The functions of the Audit and Risk Management Committee are set out in full in the Council's Constitution. However, in summary, the Committee's responsibilities with regard to the financial management of the Council include:

- (i) Approving the Council's Annual Statement of Accounts
- (ii) Considering the Council's arrangements for corporate governance and risk management
- (iii) Considering and commenting on the External Auditor's Annual Audit Letter and reports about the effectiveness of the Council's financial and operational arrangements

(iv) Ensuring that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit is actively promoted

(v) Approving the annual Internal Audit plan, and receiving reports from the Council's Internal Auditor, including the annual report of the Chief Internal Auditor

(vi) Monitoring the effectiveness of the Council's Financial Regulations, Procurement Policy and Procedures and other strategies for counter fraud and corruption, anti-bribery, declarations of interest, gifts and hospitality, whistle blowing and anti-money laundering.

## **2.6 Statutory Officers**

### **2.6.1 Head of Paid Service**

The Chief Executive is the Head of Paid Service and is responsible for the corporate and strategic management of the Council as a whole. The functions of the Head of Paid Service are explained fully in the Council's Constitution.

### **2.6.2 Responsible Finance Officer**

Section 151 of the Local Government Act 1972 specifies that every authority shall make arrangements for the proper administration of their financial affairs and ensure that one of their officers has responsibility for the administration of those affairs. The Council's Finance is the designated officer for this purpose, or nominated representative.

Throughout the remainder of this document, where it is stated that s151 officer approval is required, this means the Director of Finance, or nominated representative.

The s151 officer has statutory duties in relation to the financial administration and stewardship of the Council that cannot be overridden. These statutory duties arise from:

(i) Section 151 of the Local Government Act 1972 which makes the s151 Officer responsible for the proper administration of the Council's financial affairs

(ii) Section 114 of the Local Government Finance Act 1988 which places a duty on the s151 officer to report to all Members of the Council if it is considered that the Council or an employee has made (or is about to make) a decision involving expenditure or loss which is unlawful

(iii) The Local Government and Housing Act 1989 which requires the s151 officer to consult with the Monitoring Officer and the Head of Paid Service before making a Section 114 report to Council

(iv) The Local Government Act(s) which require the s151 officer to make a report to the Council, when it is considering its budget and council tax, that addresses the robustness of the estimates and adequacy of reserves

(v) The Accounts and Audit Regulations, which require the s151 officer to ensure that the accounting control systems are observed, that the accounting records are maintained in accordance with proper practices and that they are kept up to date

In order to fulfil these statutory duties and legislative requirements the s151 officer will:

(vi) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices, and monitor compliance with them

(vii) Determine the accounting records and systems to be kept by the Council and the form of any supporting records. The s151 officer shall ensure that the accounting systems approved are observed and maintained

(viii) Ensure there is an appropriate framework of budgetary management and control

(ix) Monitor performance against the Council's budget and advise upon the corporate financial position

(x) Ensure proper professional practices are adhered to and to act as Head of Profession in relation to the standards, performances and development of finance staff throughout the Council; all finance staff will have a direct reporting line to the s151 officer

(xi) Prepare and publish the Council's Statement of Accounts for each financial year, in accordance with the statutory timetable and arrangements specified by law

(xii) Make proper arrangements for the audit of the Council's accounts

(xiii) Ensure that claims for funds, including grants, are made by the due date and in compliance with the grant terms and conditions

(xiv) Make proper arrangements for the overall management of the Council's Internal Audit function

(xv) Manage the treasury management activities in accordance with the Council's Treasury Management Policy Statement, Treasury Management Strategy and Prudential Indicators

(xvi) Manage the Pension Fund within the scope of the Local Government Pension Scheme Regulations

(xvii) Provide advice and guidance to reinforce the Financial Regulations that Members, Officers and others acting on behalf of the Council are required to follow

(xviii) Maintaining a continuous review of Financial Regulations and implementing any changes

(xix) Responsibility for advising the Council on corporate financial matters shall rest with the s151 officer; Chief Officers shall have responsibility for advising Members or Committees on financial matters relevant to their own service areas, where possible in consultation with the s151 officer.

### 2.6.3 Monitoring Officer

The functions of the Monitoring Officer are explained fully in the Council's Constitution. However, the functions that are pertinent in the context of the Financial Regulations include:

- (i) Reporting, after consultation with the Head of Paid Service and the s151 officer, any actual or potential breaches of the law or mal-administration to the Council
- (ii) Advising whether the decisions of Council are in accordance with the budget and policy framework
- (iii) Provision of advice on the scope of powers and authority to take decisions, mal-administration, financial impropriety, probity and budget and policy framework issues to all councillors.

## 2.7 Chief Officers

Chief Officers have delegated responsibility for the management of the finances of their services.

This responsibility must be exercised within the corporate financial management framework determined by the s151 Officer, and includes:

- (i) Putting in place appropriate budget management and delegation arrangements to ensure the effective use of resources, the safeguarding of assets and the operation of a system of appropriate internal controls which enables the prevention and detection of inaccuracies, fraud and corruption
- (ii) Promoting appropriate financial management standards within their Services, and monitoring adherence to the standards and practices, liaising as necessary with the s151 officer, and ensuring that relevant training is provided to those staff with financial management responsibilities
- (iii) Promoting sound financial practices in relation to the standards, performance and development of staff in their services
- (iv) Advising Council Committees and the s151 officer of the financial implications of all proposals
- (v) Seeking approval, in conjunction with the s151 officer, on any matter liable to affect the Council's finances materially, before any commitments are incurred
- (vi) Consulting with, and obtaining the approval of, the s151 officer before making any changes to accounting records or procedures
- (vii) Complying 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 (*including reconciling the accounts*) and recording these sums from the duty of collecting or disbursing them

- Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions

(viii) Ensuring that claims for funds (*including grants and 'match funding'*) are made, in accordance with accounting instructions issued by the s151 officer and the conditions defined by the grant awarding body, by the due date and that appropriate records are maintained

(ix) Contributing to the development of performance plans in line with statutory requirements

(x) Contributing to the development of corporate and service targets and objectives and performance information

(xi) Ensuring all officers in their Service are aware of the existence and content of the Council's Financial Regulations, as well as other internal regulatory documents, and also to confirm that they comply with them.

## **2.8 Internal Audit**

Internal Audit will review, appraise and report upon:

- (i) The extent of compliance with, and effectiveness of, relevant policies, plans and procedures
- (ii) The adequacy and application of financial and other related management controls
- (iii) The suitability of financial and other related management data
- (iv) The extent to which the Council's assets and interests are accounted for and safeguarded from loss of any kind from:
  - Fraud, corruption and other offences
  - Waste, extravagance and inefficient administration
  - Inefficient value for money or other causes

Further details on the internal audit function are set out in paragraph 6.6.2.

Unless otherwise specifically directed by the Council, Internal Audit shall have oversight of the investigation of any discovered or suspected fraud and corruption or other financial irregularity. To this end, all employees and Members shall report any discovered or suspected cases of fraud and corruption or other financial irregularity immediately to Internal Audit either directly or through their own Director or in line with the Whistleblowing procedure, as appropriate. Directors shall ensure that all employees in their Service are aware of, and comply with, this Regulation.

### **3. Financial Planning**

#### **3.1 Policy Framework**

The Council is responsible for agreeing the Council's Corporate Plan, Policy Framework and budget. In terms of financial planning, the key elements of the budget are the:

- (i) Revenue budget
- (ii) Capital programme
- (iii) Trading activities' financial plans
- (iv) Treasury Management, Prudential Indicators and Minimum Revenue Provision Policy
- (v) Medium Term Financial Strategy (MTFS)
- (vi) Fees and charging policy
- (vii) Pay policy

Each year the Council produces: -

- The Council Plan detailing its objectives and targets over a 5-year planning horizon
- A MTFS, including a Capital Strategy, detailing the financial and service scenario over a 3 to 5-year planning horizon and the policy and expenditure options required to respond to this scenario

The budget details all known expected expenditure and income from the delivering of Council Services and compares these requirements to the funding available. The budget helps us to meet our statutory responsibilities for financial planning. All local authorities are required to prepare a budget annually which is then approved by Full Council. This is supported by a statement by the s151 officer regarding the robustness of the budget proposed and the adequacy of general balances and reserves.

The plan also helps us ensure, at a more detailed level, that resources are allocated towards the delivery of council priorities. The process of developing the budget helps us to assess and balance any gaps between what we estimate it will cost us to deliver plans, and the money available to do this.

Budget planning begins well in advance in the preceding financial year and the following year's budget is presented to Members in February or March at full Council. Detailed estimates of costs and income are developed for each service.

Chief Officers must ensure budget holding managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Council for their budgets and the level of service to be delivered.

## **3.2 Corporate Plan**

The Council's ambitions are outlined in corporate policies and it is responsible for agreeing the policy framework and budget. The key elements are:

- The Wirral Council Plan 2025 – sets out the long term aims and objectives.
  - The MTFS - details the scenario over the medium term and the options available
- The Budget - 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 weighed priorities. The budget is the financial expression of the Council's plans and policies
- Specific Service Plans and Strategies - which have financial implications

## **3.3 Revenue budget**

### **3.3.1 Revenue income and expenditure**

Revenue income and expenditure represents the current or day to day running costs, and associated receipts, of the Council; including salaries, heating and lighting, travelling and office expenses, income raised by charging service users and government grants.

### **3.3.2 Revenue budget**

Budgets (spending plans) ensure that the Council can plan, authorise, monitor and control the way money is allocated and spent.

The revenue budget must be constructed so as to ensure that resources are allocated in a way that reflects the service plans and priorities of the Council. The s151 officer is responsible for developing and maintaining a resource allocation process that ensures this is achieved.

### **3.3.3 Budget preparation**

The Chief Executive, in conjunction with the s151 officer, will manage the preparation of the budget on an annual basis for consideration by the Council. The annual budget will include allocations to different services and projects, proposed taxation levels and contingencies.

The s151 officer, will issue detailed guidance and a timetable for production of the budget. Chief Officers must prepare detailed draft revenue and capital budgets, in consultation with

the s151 officer, and in accordance with the laid-down guidance and timetable, for consideration by the Policy and Resources Committee.

Detailed budgets, as proposed by Chief Officers, will be subject to challenge and review through a process determined by the s151 officer. Any proposed changes to service levels as a result of budget plans will be subject to an Equality Impact Assessment as part of the consideration process before approval and implementation. The Council will engage partners in the budget preparation process where possible and appropriate.

The s151 officer has a statutory duty to report upon the budget proposals presented to Council (see paragraph 2.6.2). The responsibility of the s151 officer is:

- To prepare and submit reports on budget prospects to the Council, including resource constraints set by the Government
- To determine the form of revenue estimates and the methods for their preparation after consultation with Chief Officers
- To prepare and submit reports to the Council on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council Tax to be levied
- To calculate income levels from general and specific grants and the proceeds of the Business Rate
- To encourage the best use of resources and value for money by working with Directors and partners to identify opportunities to improve economy, efficiency and effectiveness
- To develop the budget plan on an annual basis and to ensure a balanced budget is approved
- To present the budget to the Council for approval in March prior to the start of each financial year
- To undertake the budget plan in accordance with accounting/statutory guidance

Chief Officers must:

- Provide the s151 officer with any information required to enable the robustness of the budget proposals to be assessed
- Prepare estimates of income and expenditure, which are consistent with the Council's annual budget cycle and within the approved Council guidelines
- Integrate financial plans into service planning, so budgets can be supported by financial and non-financial measures
- Prepare detailed draft revenue and capital budgets for consideration by the Council, in accordance with the laid-down guidance and timetable having regard to:
  - spending patterns and pressures revealed through the budget monitoring process



- legal requirements
  - policy requirement as defined by the full Council in the approved policy framework
  - initiatives already under way
- Provide information that may be requested by the s151 officer in relation to the budget plan

Council shall not approve additional net expenditure to either revenue or capital budgets without first having considered the advice the s151 officer on the financial implications arising.

The budget and the implied level of taxation will be presented for approval by Full Council, and will be advised by the s151 officer and Chief Officers. Council Tax, the Council Tax base and Non-domestic rates must be set by **11<sup>th</sup> March** in the year prior to the year of taxation.

### **3.3.4 Format of the budget**

The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate and sets the level at which funds may be reallocated within budgets (*see paragraph 4.3.3 for further details*).

### **3.3.5 Maintenance of reserves and balances**

Reserves are amounts set aside to fund specific or unexpected expenditure. There are different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves' for statutory accounting purposes. Useable reserves are analysed into those that are earmarked for specific purposes and those that are held to ensure that the Council can continue to provide services if an unexpected event occurs.

The Council determines the prudent level of general reserves it wishes to maintain having regard to risk levels before it can decide the level of Council Tax. Reserves enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

By legislation (the Local Government Act 2003), the s151 officer must report to Council, immediately prior to setting the Budget and Council Tax, on the robustness of the budget as proposed and the adequacy of general balances and earmarked reserves. The Council agrees on the level of reserves it will maintain before it then decides on the level of Council Tax. Reserves are maintained as a matter of prudence. Reserves are maintained to enable the Council to cope with unpredictable financial pressures, and to plan for future spending commitments. A general reserve is maintained as a contingency to protect the budget against cost pressures, whilst earmarked reserves are held to protect funds for specific purposes.

The Council must ensure reserves are reviewed on an annual basis to ensure compliance with the Local Government Act 2003; and maintain reserves in accordance with the CIPFA Code of Practice on Local Authority Accounting. Authorisation to establish and add to a reserve is by the appropriate Chief Officers in conjunction with the s151 officer and authorisation to incur expenditure against the reserve is by the appropriate Chief Officer. The creation of any reserve will be subject to the approval of the s151 officer.

For each reserve established, the purpose, usage (*including the timeframe for usage*) and basis of transactions will be clearly articulated.

Increases in existing reserves come about through three routes:

- i) Through the budget setting process, the setting of which requires full council approval;
- ii) By returning funds previously drawn from reserves which are no longer required for the agreed purpose, which requires approval by the s151 officer; and
- iii) By transfer of an under spend into reserves in accordance with the table below:

Amount	Minimum approval required
Up to and including £100,000	Section 151 Officer in consultation with the appropriate Chief Officer
In excess of £100,000	The Policy and Resources Committee.

The withdrawal of funds from reserves is subject to approval in accordance with paragraph 4.3.4 on supplementary estimates.

The s151 officer will advise upon prudent levels of reserves and balances for the Council, considering the degree of risk in the budget for the Council over the medium and longer term, and the advice of external audit. The s151 officer will establish guidelines on the setting up of reserves and advise Chief Officers; accordingly, and ensure reserves are reviewed at least annually to ensure any reserves held are still appropriate.

Under section 114 of the Local Government Finance Act 1988 the s151 officer must report to Council if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Council will not have the resources to meet its expenditure in a particular financial year.

Chief Officers must comply with guidance provided by the s151 officer and ensure that reserves are used only for the purpose for which they were intended. No funds withdrawn from a reserve may be spent, other than for the purpose agreed at the time the withdrawal was approved, without the prior agreement of the Policy and Resources Committee.

### 3.4 Capital financial planning

#### 3.4.1 Capital expenditure

Expenditure is classified as capital expenditure when it results in the acquisition or construction of an asset (e.g. land, buildings, roads and bridges, vehicles, plant and equipment etc.) that:

- (i) Will be held for use in the delivery of services; and
- (ii) Is expected to be used during more than one financial year.

Subsequent expenditure on existing assets is also classified as capital expenditure if these two criteria are met.

There may be instances where expenditure does not meet this definition but would nevertheless be treated as capital expenditure, including:

- (i) Where the Council has no direct future control or benefit from the resulting assets, but would have treated the expenditure as capital if it did control or benefit from the resulting assets (this is defined in the Local Authority Code of Practice as giving rise to Revenue Expenditure Funded by Capital Under Statute, or *REFCUS* expenditure)
- (ii) Where the Government has given explicit permission to apply capital financing resources to fund expenditure that would not otherwise meet the criteria for capitalisation (this is rare though)

The Council operates a number of de-minimis limits for capital expenditure. This means that items below these limits are charged to revenue rather than capital. The limits are currently as follows:

De-minimis limits	£
General limit ( <i>to be applied where no specific limit is applicable</i> )	<b>10,000</b>
Specific limits:	
Transport (Highways) infrastructure	<b>Nil</b>
Land	<b>Nil</b>

The s151 officer is responsible for the application of these de-minimis limits and will report any exceptions to the Policy and Resources Committee.

Where expenditure meets the 'capital expenditure' definition and is in excess of the Council's de-minimis limits, it will be classified as capital expenditure, even if provision exists within the Revenue Budget to fund the work (*and vice versa*).

Similarly, where specific financing (*e.g. government grant*) is provided to facilitate a project, this will not determine how the expenditure is accounted for. That is, the accounting treatment is determined according to the type of expenditure, and not by the funding source.

### 3.4.2 Capital programme

The Capital Programme is the budgeted plan of the capital schemes that the Authority is undertaking or planning to undertake.

The Policy and Resources Committee, in conjunction with the s151 officer, will manage the preparation of a capital programme, on behalf of the Council, on an annual basis in accordance with the Council's capital projects' governance arrangements and capitalisation criteria.

Each scheme that is added to the Capital Programme is allocated:

- (i) A 'start date' for planning purposes
- (ii) An overall 'scheme approval' which sets the overall budget for the scheme; and
- (iii) An 'annual payments guideline' which sets the parameters for expenditure in each of the financial years over which the scheme is expected to span

#### **3.4.2.1 Approval Process for Capital Projects**

Each year Chief Officers consider capital schemes to be included in the Capital Programme, which are then scrutinised through an approval process before being included in the Capital Programme for consideration by the Policy and Resources Committee and Council. The Council has developed a process which sets out the process and documentation that must be used for all proposals to be included in the Council's approved capital programme and for strategic projects. The purpose of this process is to ensure that all proposals are both affordable and fit with corporate priorities. Details of the processes (and relevant documentation) that must be followed are available on request from the s151 officer or the nominated representative. All new capital projects must meet certain criteria and must be accepted by the Capital and Assets Group prior to inclusion within the programme.

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. The Government places strict controls on the financing capacity of the Authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources. Having a structured approach which reviews all capital scheme proposals helps ensure that the Capital Programme links into the Council's priorities.

All schemes included in the Capital Programme require a business case completing which would cover:

- Project overview with project milestones and targets
- Objectives and critical success factors
- Capital outlay and associated revenue expenditure
- Source of funding to be identified
- The reporting of the acceptance of tenders for individual schemes to the appropriate committee in accordance with Contract Procedure Rules

- Accountability for each proposal is devolved to, and accepted by, a named budget holder
- The monitoring and reporting of progress in conjunction with expenditure and comparison with approved budget

The responsibilities of the s151 officer are to:

- i) Develop the capital programme on an annual basis for approval
- ii) Present the budget to the Policy and Resources Committee and Council for approval prior to the start of each financial year
- iii) Identify the funding sources of the proposed Capital Programme ensuring any revenue consequences are taken account of in the overall budget setting process
- iv) Develop corporate prioritisation methodologies to assist the Council in determining the Capital Programme within defined resource limitations

The responsibilities of Chief Officers are to:

- i) Develop, implement and monitor the capital programme
- ii) Ensure Council is advised of the financial implications of all proposals, and that these implications have been agreed by the s151 officer
- iii) Ensure all capital proposals have undergone a project appraisal being presented in the form of a business case showing how the project meets Council objectives, details of how it will be managed, including resource implications and the expected outcomes
- iv) Comply with guidance concerning capital schemes and controls issued by the s151 officer
- v) Ensure that adequate records are maintained for all capital contracts
- vi) Ensure that no capital expenditure is incurred on any scheme unless:
  - It is within the approved budget for that scheme
  - The nature of the spend is in line with the original purpose approved for the scheme
  - Government approval to the scheme has, where appropriate, been obtained
  - The source of funding has been identified
  - Any consequential revenue expenditure which arises from the proposed capital expenditure has been accepted as a commitment by the Council
- vii) Ensure that the appropriate approval is obtained to incur additional capital expenditure which is to be financed wholly by additional grants or other income

### 3.4.3 Financing of capital expenditure

The s151 officer, will determine the financing of the capital programme, taking into consideration the availability of reserves and balances, funding from other bodies and the affordability of borrowing.

### 3.5 Leasing and rental arrangements

Leases of land or buildings and other property agreements will only be authorised for completion, on the Council's behalf, in accordance with the delegations set out in paragraph 7.1.4. The relevant Finance support will be consulted as part of this process.

Other leasing arrangements (*including rental agreements and hire purchase arrangements*) will only be entered into with prior approval, as follows:

Type of lease	Approval required
Vehicles, plant and equipment	• s151 officer

Prior approval to enter into leases is required to ensure that:

- Leases that constitute credit arrangements are taken into account when the Council determines its borrowing limits
- Such arrangements represent best value for money and are accounted for appropriately

Leasing or renting agreements must not be entered into unless the service has established that they do not constitute a charge against the Council's prudential borrowing limits.

### 3.6 Internal Trading Activities

#### 3.6.1 Definition and framework

The main types of internal trading activity permitted include those who are:

- Providing all, or the majority, of their services in an environment where their customers have the option to use them or an alternative service provider; and
- Charging for the full cost of the goods / services they provide, on the basis of an agreed charge or rate.

Services are only permitted to operate as a trading activity with the prior approval of the Council, following consultation with the s151 officer and the Monitoring officer.

Trading activities are each required to maintain a Trading Account into which all expenditure related to the provision of their services will be charged (i.e. *including direct costs, the full costs of services provided by the Council's support services, any service management provided by senior managers and asset and other accounting charges*).

Trading Accounts will also receive all income due for work done by the trading activity. Exceptions to the requirement for a Trading Accounts will apply when the Service funded is occasional and below a limit value set by the s151 officer.

Trading activities are required to balance their budget by generating sufficient income to cover the full costs of service provision.

Trading activities must operate within the Council's overall arrangements and rules for personnel and resource management. Council may approve special arrangements in exceptional circumstances, where it can be demonstrated that adherence to these rules and arrangements would lead to the unit becoming uncompetitive and losing work and that the proposed departure does not expose the Council to significant risk.

### 3.6.2 Financial targets

Each trading activity must prepare an annual financial plan for approval by the Council as part of the annual budget setting (*see paragraph 3.1*), and which defines the expected levels of income and expenditure for the year.

Trading activities must, as a minimum, aim to break-even (*i.e. only incur expenditure that can be financed from the income the activity expects to generate during the year*). It is only permissible to plan for a deficit in exceptional circumstances, and then only if the deficit can be met from the trading activity's own accumulated revenue reserves or, in exceptional circumstances, from an approved contribution from the General Fund.

### 3.6.3 Charging reserves

Charging activities are permitted to retain the surpluses they generate, provided they can demonstrate that these are necessary for the future business needs of their operations. The **s151 officer** will advise Council, after consultation with the relevant Chief Officer(s), if the level of cash balances held by a charging activity are in excess of those deemed necessary to meet the business needs of the operation. The Policy and Resources Committee will then determine whether the excess balances are transferred to the General Fund Balance or another reserve.

The approval of the Policy and Resources Committee is required where it is proposed to transfer part of a charging activity's reserves to finance expenditure by a Service, or to make a contribution from a Service to a charging activity.

## 3.7 Treasury management, prudential and MRP policy

The Policy and Resources Committee, in conjunction with the s151 officer, will propose an annual Treasury Management Strategy, a set of Prudential Indicators and a policy for making revenue provision for the repayment of debt (*referred to as the 'Minimum Revenue Provision' policy*) to the Council in advance of the start of the relevant financial year. These will be consistent with the Council's revenue budget and capital programme proposals.

These documents are required to comply with CIPFA's Codes of Practice on Treasury Management and the Prudential Framework for Capital Finance, relevant Regulations and with the Council's own Treasury Management Policy Statement and Treasury Management Practices; they will set the parameters within which investment and borrowing activity will be managed during the forthcoming financial year.

### **3.8 Medium Term Financial Strategy (MTFS)**

The MTFS brings together the key assumptions about financing resources (including council tax, non-domestic rates and revenue support grant) and spending pressures over the medium to longer term. This enables the Council to plan for financial risks and thus inform the setting of service financial targets for the annual revenue budget and capital payments guidelines.

The s151 officer will ensure that reports are presented to the Policy and Resources Committee and Council, as part of the annual budget setting, upon the medium term budget prospects and the resource constraints set by the Government.

Alongside the revenue MTFS sits the Capital Strategy which sets the framework for the planning, prioritisation, management and funding of capital expenditure.

The responsibilities of the s151 officer are to:

- Develop a four-year MTFS
- Undertake a formal review of the MTFS on an annual basis and update where necessary

The responsibilities of Chief Officers are to:

- i) Provide information that may be requested by the s151 officer in respect of the MTFS

### **3.9 Fees and charging policy**

Chief Officers, in consultation with the s151 officer, will follow the relevant charging policy for the supply of goods or services where charges may be lawfully applied, and the annual forecast of the recoverable amount is **£250,000** or more. Charges will be reviewed annually. All new charges, and amendments to existing charges, will be subject to formal approval in accordance with the Council's Constitution. Further detail on income is provided in Section 8.1.

### **3.10 Pay Policy Statement**

The pay policy statement will be prepared as required by law. At present it is required to set out the Council's policy on the level and elements of remuneration for each chief officer, the remuneration of its lowest paid employees, and the relationship between the remuneration of its chief and other officers. It is also required to address other specific aspects of chief officer remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.



## **4. Financial Management**

### **4.1 Introduction**

Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework, revenue budget, trading activities' financial plans, capital programme and treasury management.

### **4.2 Financial management standards**

All officers and Members have a duty to abide by the highest standards of probity in dealing with public money. This is facilitated by ensuring everyone is clear about the standards to which they are working and by the controls that are in place to ensure that these standards are met.

### **4.3 Revenue budget monitoring and control**

#### **4.3.1 Budget management**

Budget management is the preparation, monitoring and control of budgets. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It provides the mechanism that calls responsible managers to account for defined elements of the budget.

The Council operates within an annual cash limit, approved when the annual budget is set. To ensure that the Council does not overspend in total, each service is required to manage its own expenditure and income recovery within the cash limited budget allocated to it. Budget management also ensures that once the Council has approved the budget, the resources are used for their intended purposes and are properly accounted for.

Budgetary control is the process of monitoring financial activity against the financial plan and, where necessary, taking the appropriate action in a timely manner to address any movement from the plan.

Budget monitoring and control also provides the mechanism that calls to account managers responsible for defined elements of the budget. It is therefore critical that effective processes for monitoring of budgets are in place and adhered to.

To assist with the above it is essential that quality information is available to budget managers to ensure that sound financial decisions can be made, especially where spending may differ from planned expenditure.

By continuously reviewing and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity.

#### **4.3.2 Framework for budgetary control**

Once the budget is approved by the Council, Chief Officers are authorised to incur expenditure in accordance with the approved budget, subject to the limits in the Constitution and the scheme of delegation to officers. Directors must however maintain effective budgetary control within their service(s) to ensure that spending is contained within the annual cash limit and to secure value for money (i.e. as measured by cost efficiency and output effectiveness).

Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should not support recurring revenue expenditure from one-off sources of savings or additional income or create future commitments for which they have not identified future resources. Chief officers must plan to fund such commitments from within their own budgets. It is the responsibility of Chief Officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the s151 officer. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the s151 officer to any problems.

Chief Officers must ensure that no commitments are made that would result in an approved budget being exceeded. Prior approval must be obtained to increase the budget either by virement (see *paragraph 4.3.3*).

In addition, subject to the limits in the Constitution and the scheme of delegation to officers, Chief Officers may exceptionally incur additional expenditure in an emergency (see *paragraph 8.7 for the approval required to make an emergency payment*). In such situations, retrospective approval must be sought, as soon after the event as possible, to offset the additional expenditure by virement or supplementary estimate.

Chief Officers will:

**(i) Ensure that all income and expenditure is properly recorded and accounted for**

Chief Officers will ensure that all officers responsible for committing expenditure comply with all relevant guidance and follow approved certification processes.

**(ii) Ensure that an appropriate budget holder structure is in place to ensure that responsibility is assigned for each item of income and expenditure under their control**

Budget holders will be accountable for the effective management of the budgets allocated to them to either oversee or directly manage, even where they put delegations in place that enable officers to commit expenditure on their behalf. Budget holders are responsible only for income and expenditure that they can influence as well as ensuring there is a nominated budget manager for each cost centre heading.

**(iii) Ensure that individual policy budgets are not overspent**

It is expected that Committee budgets will be managed within the agreed cash limited budget, and Chief Officers, in consultation with the s151 officer, will use the virement scheme (see *paragraph 4.3.3*) to achieve this by moving the under spend to the area of over spend.

Where more specific management actions are required to save funds, then this needs to be clearly set out in a budget recovery plan which can be monitored to ensure the safe delivery of the budget at both committee and policy budget level.

In ensuring compliance with this requirement, the Chief Officer, the s151 officer and / or relevant committee may require a budget holder with a projected overspend to prepare a budget recovery plan which explains the actions being taken to mitigate the position.

Performance levels/levels of service are required to be monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.

**(iv) Ensure that a monitoring process is in place**

A monitoring process is required to review performance and / or service levels in conjunction with the budget and to ensure they are operating effectively.

**(v) Regularly report to the relevant Council Committee**

Such reports will be prepared, in consultation with the s151 officer, upon the service's projected 'controllable net expenditure' compared with its budget. Committee Members must be fully briefed, as part of this process, on any budget pressures and any proposal to address these pressures by virement (*see bullet point (vii) below*).

**(vi) Ensure prior approval by the Council (as appropriate) for new proposals**

Prior approval of the Policy and Resources Committee and where appropriate the Council may be required for key decisions or for proposals that create financial commitments in future years or which materially extend or reduce the Council's services, or which initiate new ones.

**(vii) Ensure compliance with the Scheme of Virement**

The scheme of virement is explained within paragraph 4.3.3.

**(viii) Agree with the relevant Chief Officer(s) where it appears that a budget proposal, including a virement proposal, may impact on their service area**

**(ix) Ensure that relevant training is delivered to all staff assigned responsibility for budget management**

Officers will undertake approved finance training prior to commencement as an operational budget holder and/or as an authorised signatory, to ensure they have the necessary knowledge and skills to effectively perform their financial responsibilities; refresher training will be undertaken at regular intervals thereafter, as specified by the s151 officer. Budget managers will accept accountability for their budgets, the level of service to be delivered and understand their financial responsibilities.

The s151 officer will ensure that each budget holder receives or has access to timely information on income and expenditure for each budget, which is sufficiently detailed to enable them and their managers to fulfil their budgetary responsibilities.

The s151 officer will monitor performance against the Council's budget on a continuous basis, and will advise upon the Council's overall financial position. Specifically, the s151 officer will prepare financial overview reports for the Policy and Resources Committee on a regular basis. These financial overview reports will:

- Provide a comparison of the Council's projected income and expenditure with the latest approved budget
- Include an assessment of the Council's reserves and balances and overall financial position; and
- Seek approval to changes to the approved budget (*including virements between policy budgets, supplementary estimate requests and changes to the scheme and payment approvals for capital projects*).

**The further responsibilities of the s151 officer relating to budget monitoring are to:**

- Ensure compliance with the agreed virement procedures
- Ensure all officers responsible for committing expenditure comply with relevant guidance and the Financial Regulations
- Ensure each cost centre has a single, named manager, determined by the relevant Chief Officer
- Ensure significant variances from approved budgets are investigated and reported by budget managers regularly

#### **4.3.3 Scheme of virement**

As detailed in paragraph 4.3.2, Chief Officers must ensure that spending remains within the service's overall cash limit, and that spending does not exceed individual policy budget headings. It is however permissible, in certain circumstances, to switch resources between approved budget headings, subject to obtaining the necessary approval. The switching of resources between approved policy budget headings is referred to as a virement.

The scheme of virement is intended to enable Chief Officers and their officers to manage budgets with a degree of flexibility within the overall framework determined by the Council, and therefore optimise the use of resources.

The virement rules are as follows:

- (i) No expenditure shall be incurred without appropriate budget provision and, if necessary, a virement should be undertaken to put this in place before the expenditure is incurred
- (ii) No virement relating to a specific financial year should be made at the end of the financial year after the date specified within the s151 officer's timetable for closure of the accounts

- (iii) Virements are not permitted in relation to asset charges or other budget headings that are deemed to be outside the control of the relevant budget holder, or where a proposal would adversely affect long-term revenue commitments
- (iv) Virements are not permitted between revenue and capital budgets. Changes to the capital programme will be dealt with in accordance with section 4.5
- (v) A virement that is likely to impact on the level of service activity of another budget holder can be implemented only with the agreement of the relevant budget holder(s)
- (vi) Amounts that require Committee approval must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial years
- (vii) Where Council approval is required to a virement, this approval will normally be sought via a report to Council
- (viii) When a Committee is deciding on an operational matter, any necessary virements must be included as part of that decision and be subject to the approvals set out below
- (ix) Virements that are being actioned to effect a change in policy or priorities (*either within the same portfolio or between portfolios*) will be subject to the following approval:

Amount	Minimum approval required
<b>Up to and including £500,000</b> (Subject to the aggregation rule in 4.3.3 (xiii))	<b>Chief Officer</b> ( <i>following consultation with the s151 Officer</i> )
<b>In excess of £500,000</b>	<b>Policy and Resources Committee</b>

Exceptions to the virement rules are as follows:

- (x) The virement rules do not apply to the movement of budget between the individual budget headings of an individual trading activity, because trading activities are controlled to an overall financial target rather than against individual expenditure and income headings (see paragraph 3.6.1). The approval of the Policy and Resources Committee is however required to transfer resources between individual trading activities and to/from the General Fund - see paragraph 3.6.3.
- (xi) Committee approval is not required where a budget will continue to be used for the approved purpose but is being moved, for example, to reflect a change in budget holder responsibilities. Such transfers will however require the approval of the relevant representative of the s151 officer
- (xii) Committee approval is not required for budget movements arising in order to comply with the CIPFA Service Expenditure Reporting Code of Practice guidance on accounting for overheads, or budget movements arising in order to comply with proper accounting practice. Approval is required from the relevant representative of the s151 officer
- (xiii) Policy and Services Committees and Chief Officers may approve virement of revenue budget up to £500,000 (cumulatively up to £1,000,000 over the financial year) provided that there is no virement of revenue budget transfer between 'Directorates' (Budget Heads).

Amounts above that level must be referred to Policy and Resources Committee (or sub-committee), which may vire an amount over £500,000 where it considers that virement across budget heads or budgets has become necessary or desirable, is consistent with approved Council policy and there would be no consequential revenue effects in later years.

(xiv) there are some accounting adjustments operated under the responsibility of the s151 officer. These will include but are not limited to the following examples, however under these and similar circumstances the normal virement rules do not apply:

- Allocation of Corporate Balance, for example, Pay Award or Superannuation change
- Management restructure, for example, new operating model or management review – cost centres reallocated to new manager or split due to changes in services with no change to the council's 'bottom-line'
- Departmental restructure, for example, a new Director in Children's Services or similar internal management restructure

#### **4.4 Treatment of year end balances**

Despite the requirement for Services to limit expenditure to the level of their budget, for a variety of reasons, there may be overspends and in year savings of expenditure against service budgets at the year end.

The Council has a scheme in place explaining what action/ treatment should take place when balances arise at the end of the year. Ultimately, it is the decision of Council to approve the carry forward of any under or overspends, taking account of the recommendations of the s151 officer.

Capital schemes in particular can be prone to delay. It cannot be assumed that underspends will automatically roll forward into the following year. Requests to carry forward funding should make clear whether they are due to re-profiling of schemes or for other reasons. It is extremely unlikely that uncommitted carry forwards will be approved if there are unfunded overspends elsewhere within the Directorate/Departmental Capital Programme. Requests for carry forward should be made to the s151 officer who will report variances to the Capital Programme to Council for final approval.

Underspends against rolling annual allocations funded from Council resources or non-ringfenced grant funding will only be approved on an exception basis, with any commitments expected to be the first call on the following year's capital allocation. For committed one-off schemes re-profiling into future years will be automatically approved provided the scheme remains a priority for the Council at that time.

##### **(i) Carry forward scheme**

In certain circumstances, it is permissible to transfer resources between accounting years (*i.e. carry unspent budget forward for use in the following year or fund an over spend in the current year from next year's budget allocation*).

The s151 officer is responsible for agreeing with the Policy and Resources Committee the procedures for carrying forward under or overspends. The s151 officer administers the

agreed scheme in accordance with the guidelines set by the Policy and Resources Committee.

Approval to carry forward under spends will not be given prior to consideration by the Policy and Resources Committee of the final outturn position and overall financial position of the Council upon closure of the accounts, as the Council's ability to support the carry forward requests will need to be assessed in the context of the overall financial position of the authority.

The automatic carry forward of revenue budget underspends by services is not permitted. However, where a Chief Officer identifies a one-off demand not covered from their on-going revenue budget a request can be made for a reserve to be established. The agreement of any new reserve will require the initial approval of the s151 officer and will be ratified by the Policy and Resources Committee. Any residual overspending on a Service revenue budget or capital allocation at outturn may be carried forward as the first call on the following year's budget. Under proper accounting practice, monies can be set aside for goods and services which have been received by the financial year-end, but which have not yet been paid for. The recognition of these creditor amounts is an accounting requirement and falls outside the definition of a reserve.

Overspends will be carried forward and deducted from the relevant service's budget in the following year, unless the Council agrees otherwise. Revenue in year savings are only automatically carried forward to the next financial year under limited circumstances.

Where a Service identifies the need to incur expenditure in the current financial year for which budget provision has been made in the following year's budget, a supplementary estimate can be requested when this is done in a planned way, and in advance of the expenditure being incurred. In this instance the following year's budget will be reduced correspondingly and the current year's increased expenditure will not be categorised as an overspend.

## **(ii) Trading activities**

Internal trading activities' surpluses are carried forward, unless determined otherwise by the s151 officer (and subject to the considerations outlined in paragraph 3.6.3). Any deficits - however they arise - will be financed by a withdrawal from the relevant Trading Activity's accumulated reserves, or from an approved contribution from the General Fund Balance (see paragraph 3.6.2).

## **(iii) Partnership schemes**

The funding of some partnership schemes is ring-fenced (*including the contribution made by the Council*) and is therefore not available for alternative use by the Council. The unspent balances on approved partnership schemes will be carried into an earmarked reserve, which can be drawn upon to finance expenditure by the partnerships in a subsequent year.

## **(iv) Grant funded schemes**

Where revenue grants and contributions are recognised as income in advance of the related expenditure being incurred, the unspent grant will be carried into an earmarked reserve, which can be applied, and matched with the related expenditure, in a subsequent year.

#### **(v) Dividends received**

Dividends received from subsidiaries of the Council will be treated as corporate income and use of such income will be determined by the Policy and Resources Committee.

#### **(vi) Individual Schools' budgets**

Individual Schools' budgets are ring-fenced in accordance with statutory provisions.

Under spends against individual schools' budgets are appropriated into the Schools' reserve to support expenditure in a later year by the school(s) concerned.

The Scheme for Financing Schools identifies the treatment of surplus and deficit balances arising in relation to school budget shares.

The s151 officer must put in place procedures to:

- Establish guidelines on the carry forward scheme and to advise Chief Officers accordingly
- Monitor compliance with the agreed scheme of carry forward

Chief Officers must:

- Ensure compliance with the agreed scheme
- Ensure revenue overspends are recovered in the following financial year, unless Council have specifically agreed otherwise

### **4.5 Capital monitoring and control**

#### **4.5.1 Approval to spend**

Once the capital programme or a scheme is approved, Chief Officers are authorised to progress with capital projects that have:

(i) An approved 'start' date in the current or a prior financial year (*i.e. schemes with a start date in a future financial year are indicative only, and do not constitute approval to spend*); and

(ii) Adequate scheme and payments approval in the capital programme to finance these projects.

#### **4.5.2 Framework for budgetary control**

The principles and framework for managing the revenue budget (*as set out within paragraphs 4.3.1 and 4.3.2*) apply equally with regards to the monitoring and management of individual capital projects (*i.e. named schemes and 'block' approvals*) within their scheme and payment approvals.



### 4.5.3 Scheme of Virement

Council will approve all re-profiling of spend on approved capital schemes across financial years. Council will approve the carry forward of slippage/accelerated spend into future financial years.

The scheme of virement, as set out in paragraph **4.3.3**, does not otherwise apply to capital expenditure, as approval to capital expenditure is given on a scheme by scheme (*or 'block' approval*) basis, rather than by service.

## 4.6 Trading activities

Trading activities must manage their income and expenditure to an overall financial target (*see paragraph 3.6.2*); in doing so, trading activities must operate within the Council's framework for budgetary control (*as outlined within paragraph 4.3.2*).

The approval of the Policy and Resources Committee is required to alter a trading activity's overall financial target.

Where the proposed target reflects a worsening position that will result in a loss for the year, the request to amend the financial target must explain how the loss is to be financed and the plans for recovery from this position. Where a surplus is now forecast, above that previously reported, the request to amend the target must explain whether and why the additional surplus is to be retained by the trading account.

## **5. Accounting records and financial systems**

### **5.1 Accounting records**

Maintenance of proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. All the Council's transactions, commitments, contracts and other essential accounting information must be recorded fully, accurately and on a timely basis. Accounting records must provide an audit trail leading from the source of income or expenditure through to the accounting statements.

The s151 officer is responsible for determining the accounting procedures and records for the Council, and for the compilation of all accounts and accounting records.

The Council's accounting records are maintained within its General Ledger. A standard coding convention is maintained within the General Ledger that enables actual and budgeted income and expenditure to be analysed in a variety of ways (i.e. according to the political and management structures of the Council, as well as satisfying the Council's statutory reporting requirements). The integrity of the Council's financial reporting for management and statutory purposes is therefore dependent upon transactions being coded correctly at source.

During the financial year, the Council completes financial returns relating to the Council as a whole, or for certain individual services. These can be for a variety of reasons and to different audiences including Central Government Departments, Members, Auditors and the general public. The information is mainly required by legislation. The Authority needs to comply with legislation and statute, International Financial Reporting Standards, grant conditions and discharge its duties in line with Her Majesty's Revenue and Customs (HMRC) requirements.

Chief Officers are responsible for ensuring that their services (including those delivered through strategic partnerships) comply with the coding conventions adopted within the General Ledger. This includes adherence to the standard subjective classifications for categories of income and expenditure. The requirement to adhere to this standard classification applies even where expenditure on projects have 'net nil' budgets (i.e. expenditure is matched with income).

Where application of this standard classification results in under or overspends, appropriate action must be taken to re-align the budgets (see paragraphs 4.3.3 and 4.3.4); the guiding principle being that budget provision should follow expenditure and/or income, and not vice versa.

### **5.2 Annual statement of accounts**

The Council has a statutory responsibility to prepare its accounts to present a true and fair view of the financial performance and results of its activities during the year; and is

responsible for approving and publishing those annual statements in accordance with the timetable specified in the Accounts and Audit Regulations.

The s151 officer is responsible for selecting suitable accounting policies, and for applying them consistently, to ensure that the Council's annual statement of accounts is prepared in compliance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and other relevant accounting standards and statutory provisions. The s151 officer will ensure that the Statement of Accounts is compiled, approved and published in accordance with the statutory timetable specified within the Accounts and Audit Regulations.

Accounting policies are the accounting principles, rules and procedures selected and consistently followed by the Council, which dictate what and how financial information is accounted for and presented in the Council's annual Statement of Accounts. All accounting policies will be approved by the s151 officer. The s151 officer will select suitable accounting policies, in accordance with best practice and ensure they are applied consistently; will review them annually; and present any amendments to accounting policies to the Audit and Risk Management Committee. The key accounting policy guidelines adopted by the Council are the CIPFA Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice. These interpret International Financial Reporting Standards for local authorities.

The s151 officer will issue accounting instructions on closure of the accounts, including a timetable, annually. All budget holders must comply with these accounting instructions and supply the information requested by the dates specified.

The s151 officer must sign and date the Statement of Accounts, thereby confirming that the accounts give a 'true and fair' view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March. The s151 officer must also ensure the Statement of Accounts are approved by the Audit and Risk Management Committee.

The s151 officer is responsible for making proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations. These are subject to external audit, which provide assurance that the accounts are prepared properly, that proper accounting practices have been followed and quality arrangements have been made for securing economy, efficiency and effectiveness (value for money) in the use of the Authority's resources.

Chief Officers are responsible for:

- Ensuring officers in their departments are aware of, and adhere to, the accounting policies, procedures and guidelines within the timescales set by the s151 officer
- Maintaining adequate records to provide a management and audit trail leading from the source of income/expenditure through to the accounting statements
- Ensuring procedures are in place to enable accounting records to be reconstructed in the event of systems failure
- Ensuring reconciliation procedures are in place to ensure transactions are correctly recorded

- Ensuring prime documents are retained in accordance with legislative and other requirements. The s151 officer is however responsible for ensuring the appropriate procedures are in place to enable the proper retention of financial documents in accordance with the requirements set out in the Authority's document retention scheme
- Supplying information required to enable the Statement of Accounts to be completed in accordance with the guidelines issued by the s151 officer

The Statement of Accounts shows not only a snapshot of the financial position at the 31st March each year, but also provides the reader with an understanding of how the Council has performed financially during that financial year.

### 5.3 Financial Systems

Financial systems are the key systems of the Council which perform the following actions:

- Recording, in an organised way, the Council's financial transactions (General Ledger)
- Facilitating payments to people or organisations that the Council owes money to, and a record of what has been paid (Creditors)
- Recording invoices sent to people or organisations who owe the Council money, and recording payments received (Debtors)
- Other payment systems (e.g. Payroll)
- Other receipting systems
- Other information systems which involve finance, e.g. job costing systems; asset register; and certain financial management improvement systems

Departments have many systems and procedures relating to the control of the Council's assets, including purchasing, costing and management systems. 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 and errors detected promptly. Robust and effective financial information systems are essential to the overall aim of quality financial management. This can only be achieved if there are effective methods in place to document and control such tasks.

The s151 officer has a professional responsibility for ensuring that the Council's financial systems (including any financial elements of non-financial or integrated systems) are sound, properly maintained and held securely. The s151 officer will therefore determine the accounting systems, form of accounts and supporting financial records. The s151 officer is responsible for the development, maintenance and security of the Council's main financial and procurement systems.

The s151 officer will ensure performance is communicated to the appropriate managers on an accurate, complete and timely basis; and that early warning is provided of deviations from target, as well as highlighting plans and budgets that require management attention. The s151 officer will ensure operational systems and procedures are secure and data is backed up on a regular basis.

Chief Officers must ensure that prior approval is obtained from the s151 officer to operate any financial system (including any elements of a non-financial or integrated system relied

upon for financial reporting purposes) within or on behalf of their area of responsibility. Prior approval must also be obtained from the s151 officer to make changes to any such systems already being operated within a service area.

Systems must be documented and backed up, and adequate training given to staff to allow them to use systems effectively, as well as disaster recovery and business continuity plans being maintained to allow information system processing to resume quickly in the event of an interruption.

Chief Officers will ensure that an adequate audit trail exists through the computerised system and that internal audit reviews are being carried out, as necessary. Chief Officers must ensure accounting records are properly maintained and held securely, to enable a complete audit and management trail allowing financial transactions to be traced from the accounting records to the source document, and vice versa.

Chief Officers must ensure appropriate segregation of duties is in place to provide adequate internal controls and to minimise the risk of fraud and corruption or other malpractice.

Chief Officers will identify officers authorised to act upon the Chief Officers behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority. Operational Systems Managers, on behalf of the s151 officer, will receive authorised signatory lists from the Chief Officers.

Relevant policies and guidelines for computer systems and equipment that are issued by the s151 officer will be observed by Chief Officers.

### **5.3.1 Data Protection**

Chief Officers must ensure the data from systems complies with data protection legislation, including the General Data Protection Regulation (GDPR), which updates and replaces previous data protection laws. GDPR is effective from 25<sup>th</sup> May 2018 and requires some changes to how the Council processes personal and sensitive information, and increased penalties for non-compliance with the law. Further detail on GDPR requirements and advice on how to comply is enclosed on this [link](#).

The Data Protection Act 2018 provides a set of six Data Principles to ensure that personally identifiable information (also known as PII) which is processed by an organisation is processed appropriately. The Act also reinforces individuals' rights on how their data is processed. The Act places a duty on organisations to ensure that personally identifiable information is processed correctly under the obligations. The Council has a duty to protect the personally identifiable information that it processes. Loss or unauthorised disclosure of personally identifiable information can cause:

- Damage/distress to the individuals concerned
- The Council receiving a substantial monetary penalty from the Information Commissioner
- Bad publicity for the Council
- Lack of confidence in the Council from our customers – the public

To protect the Council and its officers from data breaches there must be:

- An understandable and clearly communicated Data Protection Policy in place
- All staff should complete any mandatory data protection/information security training. Refresher training should be undertaken whenever required
- All staff must work to the six data protection principles and follow any training, guidance, procedures and policies provided by the Council
- If staff are unsure about any of their data protection-related responsibilities, they should seek advice from their line manager or from the Council's Data Protection Officer.

The Monitoring Officer must ensure appropriate guidance is in place. Chief Officers must comply with the data protection legislation and all requests for information and any relevant policies.

Chief Officers will ensure that computer systems are registered in accordance with data protection legislation and that officers are aware of their responsibilities under the legislation. They will ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc. Where appropriate, the data processed by computer systems will be notified to the Information Commissioner in accordance with data protection legislation.

### **5.3.2 Document Retention Policy**

Legislation and best practice provide requirements and guidelines for the retention and maintenance of documents, along with details as to how long they should be kept. A [Corporate Retention Policy](#) provides a systematic way of deciding to keep or destroy documents which have been received or created in the course of operations, giving guidance on how documents should be kept and how they should be destroyed.

Document Retention is important as it provides a means of supplying evidence which verifies that income and expenditure recorded in the Council's financial statements is valid, accurate and complete. External organisations require such confidence and there are strict guidelines and legal requirements in place to satisfy bodies such as HMRC. A corporate retention policy will help to simplify the running of a service by promoting efficiency and freeing up valuable storage space. Also, a retention policy can protect officers, ensuring compliance with laws.

It is therefore important that there is an understandable and clearly communicated Document Retention Policy in place and all key areas of the Council's operations are covered within it. All records held should have an appropriate retention period assigned to them, which meet the statutory obligations to retain financial records, but also includes legislative requirements such as the Data Protection Act; Freedom of Information Act requirements; and the business needs of the department.

The majority of financial records must be kept for 6 years from the end of the tax year to which they relate. Some records however, may need to be kept for longer periods. It is possible others can be destroyed within shorter periods. The Council's retention schedules, available on the intranet, set out the length of time for which different types of records should be kept.

The s151 officer will ensure that a comprehensive Corporate Retention Policy is in place and this is in line with statutory guidance. Directors will ensure compliance with the guidance.

## **Freedom of Information**

The Freedom of Information Act (FOI) 2000 allows any individual to access information and/or records held by Public Bodies. If the Council hold the information that has been requested, it is their duty to disclose the information, unless there is an exemption that prohibits the disclosure. All requests for information must be supplied within a set statutory timeframe, unless an exemption applies.

To comply with legislation, an understandable and clearly communicated Freedom of Information Policy must be in place, and all requests must be dealt within the set timeframe. Directors will ensure compliance with the Freedom of Information Act, ensuring all requests for information are acted on appropriately and within the statutory guidelines.

## **6. Risk Management and Internal Control**

### **6.1 Introduction**

All organisations, whether private or public sector, face risks to people, property and the day-to-day running of operations. 'Risk' is the chance of something happening that will have an impact on the Council's objectives. Risk is generally viewed as the possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted action or event. Risk can also however have positive consequences. It can impact upon all officers as well as the Council's partners and citizens.

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

### **6.2 Risk Management**

Risk management is concerned with evaluating the measures in place, and the actions needed, to identify and control risks effectively. The objectives are to secure the Council's assets and to ensure the Council's continued financial and organisational wellbeing.

Risk Management is a planned and methodical way of identifying areas of risk, evaluating them and reviewing how the risks can be controlled. Risk Management looks at the measures which an organisation already has in place to deal with identified risks, the adequacy of these measures and any further actions required to control these risks effectively.

Risk Management should include the proactive participation of all those associated with planning and delivering services. The challenges that the Authority faces, and the rate of change, puts the organisation under increasing pressure to improve the quality of management at all levels. This means that the Authority needs to make sure that risk management processes are structured, as well as being instinctive and intuitive. If management are to meet these challenges, high quality risk management needs to be at the core of decision making at all levels of the Council. The Council's approach to Risk Management is that it should be effective in helping to optimise the balance between risk taking and control, maximising opportunities and encouraging innovation.

There is an ongoing requirement from the Accounts and Audit Regulations to produce an Annual Governance Statement (AGS) which is attached to the Annual Accounts, setting out the processes in place for managing the most significant risks to the achievement of objectives. Risk management processes are an integral part of the AGS. All local authorities are increasingly being held to account by external assessors for the way in which risk management has been implemented. The Council needs to continue to demonstrate that all services have a structured approach, which is embedded into planning and reporting cycles and decision-making processes at all levels.



The Audit and Risk Management Committee consider the Council's [Risk Management Policy and Strategy](#) and advise on any action necessary to ensure compliance with best practice, and Council approves it. The Corporate Strategic Leadership Team keep the strategic risk register under continuous review and promote a culture of risk management awareness throughout the Council.

It is therefore important that:

- The Council has adopted a clear [Risk Management Policy and Strategy](#) which has been approved by Audit and Risk Management Committee and is regularly updated to ensure its continuing effectiveness on a continuous basis
- Managers appreciate their responsibility for managing risks and are provided with relevant information on risk management tools and techniques
- The Council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigns named individuals to lead on the actions identified to mitigate each risk
- Procedures are in place to identify, assess, prevent or contain and respond to material known risks
- The Audit and Risk Management Committee receive reports on a regular basis, and take appropriate action to ensure corporate business risks are identified and effectively managed
- A Risk Management Support Officers Group meets regularly to co-ordinate information on key business risks and provides reports to the Strategic Leadership Team and Members
- Committee reports to support strategic policy decisions must include reference to the risks associated along with the decisions being taken, in both a positive and negative scenario (i.e. the risks of taking the decision as recommended and the risks of doing nothing)
- Documents for all major projects include a risk assessment which must be completed

There are several levels of risk register within the Council. There should be a movement of risks both upwards and downwards through the levels and treatment addressed at the most appropriate level: -

- Corporate Risk Register - contains risks impacting on the organisation's overall objectives
- Departmental/Directorate Risk Registers - contain strategic and operational risks that impact on the delivery of Departmental/Directorate objectives
- Team Risk Registers – contain operational risks that impact on the delivery of team priorities and act as a feeder for risks to be elevated to the Departmental/Directorate Risk Register
- Programme/Project Risk Register – contain risks associated with individual projects

The s151 officer has responsibility for organisational risk and is responsible for preparing the Council's [Risk Management Policy and Strategy](#), and for promoting it throughout the Council. The s151 officer will:

- (i) Prepare and promote the [Risk Management Policy and Strategy](#), in conjunction with Chief Officers, and ensure that the culture of effective risk management is embedded within the Authority
- (ii) Ensure that procedures are in place to identify, assess and prevent or contain material risks, which also allow for the identification and management of positive opportunities
- (iii) Maintain the Corporate Risk Register, and report it to SLT on a regular basis
- (iv) Regularly review the effectiveness of risk reduction strategies and controls, in conjunction with Chief Officers
- (v) Engender a positive attitude towards the control of risk
- (vi) Provide relevant information on risk management initiatives, and training on risk management
- (vii) Ensure that acceptable levels of risk are determined
- (viii) Report to Members of the Audit and Risk Management Committee on the effectiveness of the risk management process and any changes to it within the AGS
- (ix) Develop risk management controls, including Business Continuity Planning, in conjunction with Chief Officer; ensuring there are regular reviews of risks in all services
- (x) Ensure that the Council has effective business continuity plans for implementation in the event of a disaster which results in significant loss or damage to its resources and threatens its activities

Chief Officers must have regard to the advice of the s151 officer; and adhere to the Council's [Risk Management Policy and Strategy](#). Specifically, Chief Officers must:

- (xi) Take full ownership of all risks within their areas of responsibility, including those related to partnerships in which their services participate, having regard to the advice from the s151 officer and other specialist officers, and identify all key corporate and operational risks
- (xii) Ensure risk management is implemented in line with the Council's Risk Management Strategy and the minimum standard for business planning process, at the operational, tactical and strategic levels. Directorate/Departmental Strategic Risk assessments will be carried out annually and form the basis of the Corporate Risk Register
- (xiii) Inform the reports to SLT, Committees and the Audit and Risk Management Committee in accordance with corporate performance reporting cycles. Directorate/Departmental Risk Registers, and associated actions, will be

monitored and reviewed on a regular basis as part of the performance management process

- (xiv) The s151 officer should be informed of any Directorate/Departmental, or Service risks that are considered significant enough to escalate to the corporate level
- (xv) Appoint a Risk Champion and authorise him/her to progress effective risk management that adheres to corporate guidelines
- (xvi) Identify and manage risks for likelihood and impact, prioritising risks appropriately, and ensure that mitigating actions are regularly reported and allocated to budget holding managers
- (xvii) Have regard to other specialist officers (e.g. crime prevention, fire prevention, information governance, health and safety)
- (xviii) Ensure there are appropriate arrangements within their service area to identify risk issues and take appropriate action to mitigate the effects of them and maximise opportunities. This includes ensuring that the relevant officers are trained to manage risk and where required provide a defence for the Council
- (xix) Make sure that consideration is given, and appropriate arrangements are made, to ensure service delivery by third party providers and delivery vehicles
- (xx) Ensure that service programme, project and partnership risk registers are compiled, and kept up to date
- (xxi) Ensure risk management is a key area of consideration when preparing annual Service Plans

SLT is also responsible for determining the [Business Continuity Strategy](#) and ensuring it is compliant with the Civil Contingencies Act 2004. Chief Officers are responsible for implementing it and monitoring and reviewing its effectiveness. The s151 officer develops the strategy and supporting framework on behalf of the SLT. The Audit and Risk Management Committee is responsible for approving the [Business Continuity Strategy](#) and reviewing its effectiveness as part of risk management.

Chief Officers are responsible for ensuring arrangements are in place to ensure the continuity of service delivery in the event of a disruptive incident. This is managed via the development of robust Business Continuity Plans which are regularly maintained and tested in accordance with the [Business Continuity Strategy](#). This extends to those Council services provided by third parties and the ongoing monitoring and compliance with this requirement via contract performance management.

### 6.3 Insurance

Insurance for the Council is, in many ways, like the private insurance individuals take out to protect assets and liabilities that:

- Would have a large financial impact (if forfeited or destroyed)
- Where insurance is compulsory, e.g. liability relating to motor vehicles

The decision to insure or not is based on:

- Its replacement cost
- The likelihood of it needing to be replaced

The Council goes through a similar process for the various risks it faces, e.g. the security of physical assets or the work carried out by its officers. Where the Council believes it is not able to manage risks internally, it will take out insurance in the same way a private individual would, e.g. the Council insures its buildings, its officers (employee liability), and cover for members of the public when using Council facilities (public liability).

Insurance is a major area within risk management but is not without a cost, and expenditure on risk prevention is generally more beneficial than paying higher premiums, where possible.

It is therefore important that:

- Adequate insurance is in place to cover the material assets of the organisation
- Policies are reviewed on an annual basis to ensure they continue to provide adequate cover
- Procedures are in place to investigate claims within required timescales
- Acceptable levels of risk are determined and insured against where appropriate

The Council is responsible for ensuring that adequate, proper insurance arrangements exist. The s151 officer is responsible for advising the Council on proper insurance cover, and will:

- (i) Effect corporate insurance cover, through external insurance and internal funding, and negotiate all claims in consultation with other officers, where necessary
- (ii) Include all appropriate employees of the Council in suitable fidelity guarantee insurance
- (iii) Offer insurance cover to schools in accordance with schools financing arrangements
- (iv) Ensure that provision is made for losses that might result from identified risks
- (v) Ensure that procedures are in place to investigate claims within required timescales
- (vi) Be aware of operational risk to the Council and manage it effectively, and to inform Chief Officers of any conditions affecting insured risks
- (vii) Ensure the Risk and Insurance Team maintains and administers insurances in accordance with the [Risk Management Policy and Strategy](#). This includes authorising the settlement or repudiation of insurance claims and the associated costs

- (viii) Authorise the settlement or repudiation of insurance claims and associated costs. Advice will be sought from the Council's appointed insurers and legal advisors
- (ix) Review all insurances in consultation with appropriate Chief Officers either annually or when necessary
- (x) Administer any self-funding arrangement set up to run alongside or replace conventional externally provided insurance
- (xi) No new insurances may be taken out without prior consultation with the s151 officer

The settling of insurance claims against the Council will be subject to approval as set out overleaf:

Amount	Minimum approval required
Up to and including £20,000	Senior Liability Claims Officer
In excess of £20,000, but no more than £150,000	Assistant Director (Finance)
In excess of £150,000, but no more than £1m	Chief Officer with responsibility for insurance arrangements (in consultation with the Insurance Manager)
In excess of £1m	Audit and Risk Management Committee (ARMC)

The s151 officer shall notify the ARMC if the total amount paid to claimants during a financial year exceeds £1m with respect to any of the following classes of claim:

- (i) Employer Liability
- (ii) Public Liability (Highways claims)
- (iii) Public Liability (Non-Highways claims)
- (iv) Property
- (v) Motor
- (vi) Other

If the £1m threshold is exceeded for any financial year the ARMC may ask to be consulted on further proposed settlements in the category concerned for the remainder of that financial year.

Chief Officers must comply with all relevant insurance terms and conditions, and:

- (i) Notify the s151 officer immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation

required by the s151 officer or the Council's insurers, and to liaise with the Risk and Insurance Team for their advice on the matter

- (ii) Notify the s151 officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances
- (iii) Consult the s151 officer and the Monitoring Officer on the terms of any indemnity that the Council is proposing to give
- (iv) Ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim
- (v) Ensure all officers are aware of their responsibilities relating to the use of insurance policies
- (vi) Identify and report to the s151 officer and Monitoring Officer any changes which could affect risks insured by the Authority
- (vii) Ensure that any conditions affecting insured risks are met and departmental actions do not invalidate any claims
- (viii) Ensure the retention of documents in accordance with the Council Corporate Retention Policy and co-operate with the Risk and Insurance Team in providing the correct documentation within the strict timescales of Civil Procedure Rules
- (ix) Acknowledge that service budgets will be charged with the cost of legal penalties or losses incurred by the Council as a result of any failure to comply with the requirements of the Civil Procedure Rules and these Finance Regulations relating to claims

#### **6.4 Internal Control and the Governance Framework**

Internal Controls include the policies, processes, tasks, behaviours and other areas of the Council devised by management that, taken together:

- Enable it to react to significant risks in achieving its objectives. This includes protecting anything which is considered valuable to the organisation from misuse or loss and fraud and corruption; which helps ensure the Council's objectives are achieved in a manner that promotes economic, efficient and effective use of resources; and protects the organisation's assets and interests
- Help ensure the quality of internal and external reporting. This requires the maintenance of proper records, and processes which create a flow of timely, relevant and reliable information from both within and outside the organisation
- Help ensure relevant laws and regulations are followed, as well as internal policies with respect to the conducting of the business

The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its strategic objectives and statutory obligations. Internal controls are 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.

As a large, complex organisation the Council requires internal controls to manage and monitor progress towards strategic objectives and to identify, meet and monitor compliance with statutory obligations. It is complex and beyond the direct control of individuals. It requires, therefore, internal controls to manage and monitor progress towards strategic objectives.

The Authority has statutory obligations, including those set out within the Local Government Act 1972 and Accounts and Audit (England) Regulations, which require internal controls to be established to ensure compliance with these obligations.

It is the responsibility of the s151 officer to direct and assist the Council to put in place an appropriate control environment and effective internal controls that adhere with proper practices, and provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations. The s151 officer will advise on the internal control framework.

The system of internal control is a significant part of the Council's governance framework. The Monitoring Officer will compile an Annual Governance Statement (AGS) each year. The Governance Statement will be compiled with reference to proper practices in relation to governance.

The governance framework, control environment and internal controls include:

- (i) Identification and communication of the Council's vision of its purpose and intended outcomes for citizens and service users
- (ii) Reviewing the Council's vision and its implications for the Council's governance arrangements
- (iii) Measuring the quality of services for users, and ensuring they are delivered in accordance with the Council's objectives and that they represent the best use of resources
- (iv) Making proper arrangements for project management
- (v) Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
- (vi) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

- (vii) Reviewing and updating contract procedure rules, standing financial instructions, a scheme of delegation and supporting procedural notes/manuals, which clearly define how decisions are taken and the processes and controls required for managing risks
- (viii) Undertaking the core functions of an Audit Committee
- (ix) Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful
- (x) Whistle blowing and arrangements for receiving and investigating complaints from the public
- (xi) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- (xii) Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Council's overall governance arrangements
- (xiii) Policies, objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action
- (xiv) Financial and operational control systems and procedures which comprise physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- (xv) Maintaining an effective internal audit function that is appropriately resourced, and which operates in accordance with the principles contained in the Auditing Practices Board's auditing guidelines, Guidance for Internal Auditors, Public Sector Internal Auditing Standards and with any other statutory obligations and regulations
- (xvi) Controls should be reviewed on a regular basis and the Authority should make a formal statement annually via its AGS, that it has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. This Statement should be signed by the s151 Officer and the Chief Executive and be supported by statements from Chief Officers
- (xvii) The Chief Internal Auditor should produce an evidence-based annual internal audit opinion on the organisation's control environment that supports the production of the AGS

It is the responsibility of Chief Officers to:

- (xviii) 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

- (xix) Manage processes to check that controls are established, adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks on a continuous basis
- (xx) Communicate responsibilities, codes of conduct and the importance of good governance arrangements to their staff and ensure that they understand the consequences of lack of control and inadequate governance arrangements
- (xxi) Review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the s151 officer and/or the Chief Internal Auditor. Chief Officers should also be responsible, after consultation with the s151 officer, for removing controls that are unnecessary or not cost effective
- (xxii) Undertake self-assessments of the status of the governance framework, including systems of internal control for each of their service areas, as directed by the s151 officer
- (xxiii) Support internal audit in any review being undertaken within their area and respond to issues raised within audit reports within the agreed timescale
- (xxiv) Signing an annual statement confirming their continued compliance and there have been no material breaches of the Council's policies that can be used to inform the Council's AGS

## **6.5 Preventing fraud and corruption**

### **6.5.1 Counter Fraud and Corruption Strategy**

The Fraud Act 2006 defines three separate ways of committing fraud and corruption:

- By false representation
- By failing to disclose information
- By abuse of position

“Dishonesty” and “intent to make gain or cause loss” are core themes involved in the committing of fraud and corruption.

Corruption is ‘the offering, giving, soliciting, or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly.’ It is an offence under the Prevention of Corruption Acts 1889 – 1916, as amended, and Section 117(3) of the Local Government Act 1972.

The Council has an effective [Counter Fraud and Corruption Strategy](#) and maintains a culture that will not tolerate fraud and corruption. It is important that all Members and

Officers lead by example and act with integrity. Officers should raise any concerns that they may have about fraud and corruption in accordance with the procedures identified in the [Fraud Response Plan](#). Any information reported by officers will be dealt with fairly and confidentially; and senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt.

It is the responsibility of the s151 officer to develop and maintain the effectiveness of the Council's [Counter Fraud and Corruption Strategy](#) and associated procedures, ensuring fraud and corruption risks are routinely considered as part of the Council's risk management arrangements. The s151 officer will ensure counter fraud and corruption staff with appropriate skills are utilised and the Council grants unhindered access to its employees, information and other resources as required. He/she will also ensure the Council makes effective use of national, local and sectoral initiatives to detect and prevent fraud and corruption, such as data matching and intelligence sharing, and works in partnership with other organisations to assist in the investigation of fraud and corruption. The s151 officer shall maintain adequate and effective internal control arrangements and monitor their effectiveness on an ongoing basis. The s151 officer will ensure all suspected irregularities are reported to Internal Audit without delay.

Chief Officers must ensure that all relevant policies and procedures are adhered to and that all appropriate action is taken. This will include reporting all suspected irregularities to the Chief Internal Auditor (see paragraph 6.6.2). All employees are to be encouraged to complete the online anti-fraud and corruption training. Chief Officers must take all reasonable steps as are open to them to prevent and detect fraud and corruption; instigate the Authority's disciplinary procedures where the outcome of an investigation into suspected fraud and corruption indicates that improper behaviour has taken place; ensure that where financial impropriety is discovered, the s151 officer is informed; and take advice and support from relevant parts of the Council e.g. Internal Audit, HR before referring matters to the Police or appropriate enforcement agency for cases where it is apparent that a criminal offence may have been committed. If a write-off of an asset arises from theft or fraud and corruption this must be notified immediately to Internal Audit.

### **6.5.2 Declaration of Interests**

To avoid giving rise to suspicion about the honesty and integrity of the Council or its employees, or giving the impression of corruption or improper behaviour, all interests of a personal and/or financial nature with external bodies or persons who have dealings with the Council, or any other interests which could conflict with an officer's duties, must be declared in accordance with the Officer [Conflict of Interests](#) policy.

### **6.5.3 Gifts and hospitality**

During day to day work, there may be times when Officers or Members are offered gifts and/or hospitality; for example, a meal, a 'thank you' present, a gift or a trip to a sporting event. A register of interests means that arrangements are in place for officers and Members to declare any interests that they have which may be seen to cause a conflict during the course of their work, or when making decisions in Committee meetings. For example:

- An officer or Member being related to a Director of a company that the Council trades or deals with
- A committee where a Member serves is being asked to make a decision that would affect the Member, either personally or in relation to a project he/she is supporting.

Officers must be cautious regarding offers of gifts and hospitality as acceptance can easily give the impression of improper behaviour or favour.

The Council's Officer [Gift and Hospitality Policy](#) explains how offers of gifts and hospitality are to be dealt with, including what can be accepted, what cannot be accepted and what must be declared. In accordance with the Gift and Hospitality Policy, employees must ensure that their individual Gifts and Hospitality HR Selfserve record is maintained on a continuous basis.

The Monitoring Officer will produce and maintain a register of gifts and hospitality received by Officers.

#### **6.5.4 Whistle blowing**

In accordance with the Council's [Whistle Blowing](#) policy, all suspected irregularities must be reported to the Chief Internal Auditor (see paragraph 6.6.2). The Chief Internal Auditor will report significant matters to the Chief Executive, Council and the Audit and Risk Management Committee.

#### **6.5.5 Standards of conduct**

The full responsibilities relating to standards of conduct for officers are set out in the Employees' [Code of Conduct](#) and the standards for Members are set out in the [Constitution](#).

There is an expectation and requirement that all Members, officers, consultants, contractors, and service users be fair, honest and act with the utmost of integrity at all times. 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 employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. The Council expects that individuals and organisations with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.

In particular, canvassing of Members by tenderers or developers who are seeking contracts with the Council is prohibited and must be reported by Members to the Monitoring Officer immediately if it occurs.

#### **6.5.6 Money Laundering**

Money laundering is defined as:

- (i) Concealing, disguising, converting, transferring or removing criminal property from the country
- (ii) Being concerned in an arrangement which a person knows of, suspects or facilitates the acquisition, retention, use or control of criminal property.

Although the risk to the Council of contravening the legislation may appear low, it is extremely important that all Officers and Members are familiar with the legislation and their legal responsibility as serious criminal sanctions may be imposed for breaches of the legislation. Potentially any Officers could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way or do nothing about it. The [Anti-Money Laundering Policy](#) applies to all employees and Members of the Council and aims to prevent criminal activity through money-laundering. It clarifies the procedures which must be followed to enable the Council to comply with its legal obligations.

In accordance with the Council's [Anti-Money Laundering Policy](#), all suspected attempts to use the Council to launder money must be reported to the Assistant Director of Finance who is the Council's Money Laundering Reporting Officer (MLRO).

The s151 officer will implement procedures to enable reporting of suspicions of money laundering and maintain client identification processes and record-keeping procedures in certain circumstances. The s151 officer will also provide training in relevant procedures.

Directors must ensure that their staff understand what money laundering is and of their obligations under the money laundering legislation, so that they can recognise situations that might lead to suspicions of money laundering arising. Directors must also ensure staff are aware of the Authority's MLRO.

When a person knows or suspects that money laundering activity is taking place (or has taken place), or becomes concerned that their involvement in a matter may amount to a prohibited act under the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2011, they must disclose this as soon as practicable or risk prosecution.

### **6.5.7 Anti-Bribery Policy**

Bribery can be described as giving someone a financial inducement or other form of advantage to encourage that person to perform their functions or activities improperly, or to reward that person for having already done so, in order to gain a personal, commercial, regulatory or contractual advantage.

In accordance with the Council's [Anti-bribery Policy](#), the detection, prevention and reporting of bribery and other forms of corruption are the responsibility of all those working for Wirral Council or under its control. The Bribery Act has been enacted to enable robust action against such activity.

### **6.5.8 Promoting good governance**

Chief Officers are responsible for encouraging all members of staff in their services to regularly complete and refresh their level of governance training provided via e-learning modules on the Council website.

## **6.6 Audit requirements**

### **6.6.1 External audit**

External Audit provides an important contribution to the stewardship of public resources and corporate governance of public services by:

- Giving an independent opinion on whether the public body's financial statements present a true and fair view of its financial position and expenditure and income for the year in question
- The certification of grant claims on behalf of Central Government bodies in line with agreed arrangements
- Addressing issues raised by members of the public where they relate to specific responsibilities set out in the Audit Commission Act 1998, including where appropriate the issuing of public interest reports, advisory notices or other reports

Independent external audit is a key process of evaluation of governance processes which seek to protect the management of public money.

The basic duties of the external auditor are governed by the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations as well as the relevant Code of Practice. External Auditors are themselves under the guidance of the Financial Reporting Council.

The Council may, from time to time, also be subject to audit, inspection or investigation by external bodies such as Her Majesty's Revenue and Customs and the Inland Revenue, who have statutory rights of access.

The External Auditors and other statutory inspectors must be given reasonable access to premises, personnel, documents and assets that are considered necessary for the purposes of their work. Regard must be given to sensitivity of data though, and if there is any doubt about whether it is appropriate to provide such data to the external auditor or other statutory inspector, advice should be sought from the s151 officer. The s151 officer will ensure there is effective liaison between external and internal audit and work with the external auditor to advise the Council and Officers on their responsibilities for external audit.

Services must respond to external audit and inspection reports in writing, within a timescale agreed by the appropriate Chief Officers and the External Auditor, detailing the action intended to address any recommendations.

Chief Officers will ensure access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work, and that all records and systems are up to date and available for inspection. They will act in response to the recommendations within external audit reports in a timely fashion. The

above arrangements apply to Alternative Delivery Models and any partnering arrangement under the Chief Officer responsibility and does not include only internally run council services and should be similarly agreed and documented in the contract or service level agreement.

### **6.6.2 Internal Audit**

The requirement for an internal audit function for local authorities is imposed by regulation 5 of the Accounts and Audit Regulations and reinforced by s151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'.

The Accounts and Audit Regulations more specifically require authorities 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. The findings of these internal audits are considered by the Audit and Risk Management Committee on behalf of the Council as part of the consideration of the system of internal control referred to in paragraph 6.4.

Internal audit is an independent and objective appraisal and assurance function, established by the Council for reviewing the systems of internal control and assists the Council's stakeholders on business objectives and related risks and, thereby, contributes strategically to the governance of the organisation by reporting independently on the economic, efficient and effective use of resources.

The internal auditors adhere to proper practices in relation to internal control; specifically, the Public Sector Internal Auditing Standards. They examine, evaluate and report upon the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

The internal auditors have the authority to:

- (i) Access any Council premises, assets, records, documents and correspondence, and control systems
- (ii) Receive any information and explanation related to any matter under consideration
- (iii) Require any employee of the Council or school maintained by the Council to account for cash, stores or any other asset under their control
- (iv) Access records belonging to third parties (e.g. Contractors) when required
- (v) Directly access the Chief Executive, the Council, the Audit and Risk Management Committee and relevant Committee

The s151 officer and the Audit and Risk Management Committee are required to approve an Annual Audit Plan, a draft of which will be submitted by the Chief Internal Auditor. The Annual Audit Plan will take account of the characteristics and relative risks of the Council's activities. The s151 officer and the Audit and Risk Management Committee will also ensure

that effective procedures are in place to investigate promptly any suspected fraud and corruption or irregularity. All Internal Audit reviews are reported to and discussed by the Audit and Risk Management Committee, being the Committee charged with overall responsibility for governance within Wirral Council.

Services must respond to internal audit reports in writing, within a timescale agreed as part of the internal audit methodology detailing the action intended, responsible officer, timescale for implementation and whether the action will require additional resources, to address all agreed recommendations. The relevant Directors must ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion. This is validated by a follow-up process undertaken by internal audit.

The Chief Internal Auditor will maintain a record of all reports and allegations of suspected fraud and corruption or other financial irregularity in respect of funds and assets that are the responsibility of the Council and will ensure that appropriate action is taken to investigate these.

The Chief Internal Auditor will be given the opportunity to evaluate the adequacy of new systems, or changes to existing systems, for maintaining financial records or records of assets, in a timely manner before live operation.

It is important that internal audit is:

- Independent in its planning and operation and determines its own priorities in providing unrestricted coverage of the Council's operations, and further that,
- The Chief Internal Auditor has direct access to the Chief Executive and all levels of management and Committees
- The internal auditors comply with Public Sector Internal Auditing Standards (including a Code of Ethics) and other recognised best practice as promoted by CIPFA, the Chartered Institute of Internal Auditors and other relevant professional bodies

The s151 officer must maintain an independent continuous audit of the financial records, operations and systems of control in accordance with current best practice. The s151 officer will ensure there is effective liaison between external and internal audit and approve the strategic and annual audit plans prepared by the Chief Internal Auditor. The s151 officer will ensure direct access to the Chief Executive and all Officers of the Council as required. The s151 officer will also ensure effective procedures are in place to investigate promptly any fraud and corruption or irregularity and continued compliance with the [Counter Fraud and Corruption Strategy](#), including liaison with the Police where appropriate.

Chief Officers are responsible for ensuring internal audit are provided with any documents, information and explanations they require during the course of their work and to consider and respond to recommendations in audit reports in a timely fashion (usually one month). Directors must implement any agreed actions arising from audit recommendations per the agreed timetable. They must also ensure significant new systems for maintaining financial records, records of assets, or changes to such systems, are discussed with, and agreed by, Internal Audit before implementation.

Chief Officers must notify Internal Audit immediately of any suspected fraud and corruption, theft, irregularity, improper use or misappropriation of Council property or resources. Chief Officers must ensure permission to enter any premises or land without prior notification to examine all records, documents, correspondence and management systems relating to any financial and other transactions of the Council, including documents of a confidential nature; and to receive such explanations as **Financial Regulations**  
**Risk Management & Internal Control**  
deemed necessary in order to satisfy themselves on any matter under consideration.



**7. Control of resources****7.1 Assets**

Asset Management is the system of monitoring and maintaining items of value to the Authority. Asset management is a systematic process of operating, maintaining, upgrading and disposing of assets cost-effectively.

The development of a comprehensive and effective approach to asset management is vital to ensuring that:

- Utilisation of assets is maximised
- Maintenance expenditure is prioritised
- Major capital investment requirements are identified and quantified
- Surplus property and other assets are identified for rationalisation and/or disposal

Property is a corporate resource, owned by the Council, and needs to be managed proactively to support service delivery and improvement across all areas. Property is held to support the delivery of the Council's corporate objectives. This is to be delivered through a rigorous policy of property review and the disposal of any properties that are no longer required to meet corporate objectives.

Chief Officers are responsible for ensuring that property under their day to day control is occupied/used in accordance with all appropriate legal and regulatory requirements and that nothing occurs which might diminish the value of the asset. Particular care is required when carrying out alterations to a building and where any form of shared use with another organisation is planned.

The Assistant Director for Asset Management and Investment is the designated Corporate Property Officer and is responsible for:

- (i) The production of the Asset Management Plan
- (ii) The overall management and control of the Council's assets
- (iii) Ensuring that an appropriate register is maintained of all land and buildings owned by the Council to ensure that they are
  - Safeguarded
  - Used efficiently and effectively
  - Adequately maintained

The valuation of all land and buildings excluding investment properties that are owned by the Council are revalued on a rolling programme at appropriate intervals, investment properties are valued annually. This should be carried out in accordance with the relevant Codes of Practice for local authority accounting, and best professional practice. It's critical that all:

- Land and buildings are acquired in accordance with the Asset Management Strategy

- Land and buildings are purchased only following appropriate authorisation and approval
- A terrier of all land and buildings owned is maintained, with assets recorded when they are acquired, and this record is updated as changes occur. The s151 officer is responsible for ensuring that all acquisitions of land and buildings are properly recorded.

### **7.1.1 Security of assets**

The Council holds non-current assets in the form of property, land, infrastructure, vehicles, plant and equipment which are collectively worth millions of pounds. These assets must be safeguarded and used efficiently.

All staff have a responsibility for safeguarding the Council's assets and information, including safeguarding the security of the Council's computer systems and paper records, and for ensuring compliance with the Council's computer and internet security policies.

The Assistant Director for Asset Management and Investment will undertake the role of 'corporate landlord' and will:

- (i) Ensure the proper security and maintenance of all premises occupied and/or owned by the Council
- (ii) Ensure that Record Management hold the title deeds for all Council properties

Chief Officers will:

- (i) Advise the Director with responsibility for Corporate Property Officer in any case where security of Council premises is thought to be defective or where it is considered that special security arrangements may be needed
- (ii) Ensure that no Council asset is subject to personal use by an employee without proper authority
- (iii) Ensure the safe custody of vehicles, equipment, furniture, inventory, stores and other property belonging to the Council
- (iv) Ensure cash holdings on premises are kept to a minimum
- (v) Ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the relevant Head of Service and the Chief Internal Auditor
- (vi) Ensure resources are used only for the purposes of the Council and are properly accounted for
- (vii) Ensure resources are available for use when required
- (viii) Ensure resources no longer required are disposed of in accordance with the law and the regulations of the Council to maximise benefits

- (ix) Ensure all officers are aware of their responsibilities regarding safeguarding the security of the Council's computer systems
- (x) Maintain a property database in a form approved by the s151 officer and Senior Manager (Asset Management)
- (xi) Ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Monitoring Officer in consultation with the s151 officer, has been established
- (xii) Ensure that all employees are aware that they have a personal responsibility for the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council
- (xiii) Maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery, including carrying out annual checks of all items in order to verify location, review their condition and current value. And arrange for the accuracy of the inventory to be verified periodically at a frequency appropriate to the risk of loss of the individual items recorded

### **7.1.2 Asset registers**

The s151 officer is responsible for the maintenance of a corporate register of the Council's property, plant and equipment assets. This register forms the basis of the Balance Sheet reporting on all property, plant and equipment assets held by the Council. The s151 officer will produce the Council's Capital Programme and associated revenue budgets; and is responsible for the prioritisation methodologies in determining the Capital Programme with limited resources. The s151 officer will maintain an asset register, where assets are recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location and condition of the asset.

This 'Assets Register' is maintained, in accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting in the UK and the underlying accounting standards, for all items capitalised in accordance with the guidelines set out with paragraph 3.4.1 that are expected to be used and controlled by the Council during more than one financial year; items that the Council has acquired for a prolonged period under the terms of a lease or similar arrangement are also recorded.

This means that the 'Assets Register' is maintained for:

- (i) All land held by the Council

- (ii) Buildings held and being used by the Council for operational purposes, including those held under the terms of a lease, and those held for investment purposes, for disposal or deemed to be surplus to current requirements
- (iii) All highways infrastructure (e.g. roads, structures, traffic management systems etc.) that, when acquired, was capitalised in accordance with the guidance set out within paragraph 3.4.1
- (iv) All vehicles, plant and equipment (including IT hardware) and intangible assets (mainly IT software) that, when acquired, were capitalised in accordance with the guidance set out within paragraph 3.4.1.

Chief Officers will provide the s151 officer with any information necessary to maintain the Assets Register. This will include confirmation, and the location, of moveable assets, which should be appropriately marked and insured. They will identify land or buildings which are surplus to requirements. Chief Officers shall pass title deeds to the Monitoring Officer and/or the Estates Management Team as appropriate.

Property, Plant and Equipment assets that are required to be measured at 'current value' will be re-valued in accordance with:

- (i) The requirements of the CIPFA Code of Practice on Local Authority Accounting in the UK; and
- (ii) Methodologies and bases for estimation set out in relevant professional standards and codes of practice (including those of the Royal Institute of Chartered Surveyors (RICS) and the Chartered Institute of Public Finance and Accountancy)

### **7.1.3 Use of property other than for direct service delivery**

The use of property other than for direct service delivery will be subject to prior agreement of, and in accordance with terms and conditions specified by, the Chief Officer with responsibility for Property Management.

Prospective occupiers of Council land and buildings are not permitted to take possession or enter the land and buildings until a lease or agreement, in a form approved by the Director with responsibility for Property Management and the Monitoring Officer, has been put in place.

### **7.1.4 Property Transactions**

In the course of its day to day business, the Council enters into a variety of property agreements, including (but not limited to):

- (i) Freehold acquisitions and disposals

- (ii) Long leasehold acquisitions and disposals
- (iii) Short leases as tenant and as landlord
- (iv) Entering into section 106 agreements as landowner
- (v) Release of covenants
- (vi) Compulsory acquisitions and land compensation claims
- (vii) Taking and granting easements
- (viii) Option Agreements; and
- (ix) Lease surrenders and exit agreements (including dilapidations).

Each of these transactions has a financial consequence for the Council. Approval is therefore required for all property transactions from the s151 officer.

Amount	Minimum approval required
Up to £100,000	Assistant Director for Asset Management & Investment
In excess of £100,000	Policy and Resources Committee

**Notes:**

- (i) *These financial thresholds apply to decisions based on the open market value (i.e. the value based on **highest and best use**, taking account of any information the Council has about the purchaser's proposals for the land acquired) of the interest in the land or property reasonably foreseeable at the date of the approval, and not to the actual money involved.*
- (ii) *Any moveable assets located within properties proposed for sale, that would be included as part of the sale (e.g. paintings), will be subject to separate consideration in accordance with paragraph 7.1.5.*
- (iii) *In addition to the financial thresholds above, property transactions must also be subject to consideration against the key decisions criteria as per the Constitution.*

Once land and buildings have been declared surplus to requirements, the Chief Officer with responsibility for Property Management will arrange for the disposal of these assets in accordance with the Council's property strategy and only then when it is in the best interests of the Council and when best value is obtained.

The proceeds from the sale of all land and buildings (subject to certain statutory limitations) will not be earmarked for use by a specific service but will be pooled and applied to finance future capital investment or for any other purpose permitted by Regulation.

The Chief Officer with responsibility for Property Management will advise on best practice for disposal of other assets that are deemed surplus to requirements, bearing in mind factors such as environmental issues, security and data protection.

Any proceeds of sale of any investment may be reinvested in property with the approval of the Policy and Resources Committee.

### 7.1.5 Disposal of Other Assets

From time to time there is a need to dispose of other assets that are not Property Assets. In these situations, the below approval is required:

Amount	Minimum approval required
Up to £10,000	Head of Service ( <i>following consultation with the s151 officer</i> )
More than £10,000 and up to £50,000	Chief Officer ( <i>following consultation with the s151 officer</i> )
More than £50,000 and up to £100,000	The relevant Committee
More than £100,000	Policy and Resources Committee

The officer designated as Chief Information Officer (currently the Data Protection Officer, Records and Information Manager) is responsible for ensuring that the standards, policies and guidelines of decommissioning of IT equipment are well defined and communicated to all staff within the Council. The Data Protection Act must be a key consideration in the decommissioning of IT equipment.

Chief Officers will identify assets which are deemed surplus to requirements; secure the best price obtainable and record all disposals of assets; will ensure income received is properly banked and coded and consult with the s151 officer to ensure all financial implications, including accounting for VAT, are fully considered.

## 7.2 Consumable stocks and stores

Chief Officers will make adequate arrangements for the care and custody of consumable stocks and stores held by their services and will maintain inventory records that document the purchase and usage of these items. The stock of such items should be subject to a regular independent physical check. Discrepancies between inventory records and the physical stock must be investigated and pursued to a satisfactory conclusion. Stocks should

be checked at least once a year, more frequently in the case of expensive items. Chief Officers will maintain reasonable levels of stocks and stores in their control. Stores and inventory records shall be kept in a form approved by the s151 officer, and there should be a system of continuous and certified stocktaking in operation. Adjustments which may be necessary for surpluses or deficiencies in stocks and inventories shall be subject to approval by the Chief Officer and notified to the s151 officer.

Stocks and stores purchased and held in a 'control account' must be charged to the Service revenue account when consumed. The Head of Service (or operational budget holder) must complete a certificate at each financial year end, confirming the number and value (i.e. value represents the lower of cost and net realisable value) of items held in stock as at 31st March.

Obsolete stocks and stores (*i.e. items that cannot be sold or consumed*) or items no longer held (*i.e. due to theft or other loss*) must be written off (*i.e. charged to the revenue account as an expense*) straight away. The minimum levels of approval required to write off stock balances per annum are as follows:

Amount	Minimum approval required
Up to and including £10,000	Budget Holder ( <i>following consultation with the s151 officer</i> )
More than £10,000 and up to £50,000	Chief Officers ( <i>following consultation with the s151 officer</i> )
More than £50,000	Policy and Resources Committee

## 7.3 Cash

### 7.3.1 Introduction

All money in the hands of the Council is controlled by the s151 Officer. The s151 officer is thereby responsible for providing assurances that the Council's money is properly managed in a way that balances risk with return, with the overriding consideration being given to security.

In accordance with the Council's [Anti Money Laundering Policy](#), all suspected attempts to use the Council to launder money must be reported to the Assistant Director of Finance, who is the Council's Money Laundering Reporting Officer (see paragraph 6.5.6).

### 7.3.2 Treasury Management

Treasury management is an important aspect of the overall financial management of the Council. Treasury management activities are those associated with the management of the Council's cash flows and its borrowing and investments. A fundamental aim is effectively to

control the risks associated with these activities and to pursue best value, in so far as that is consistent with the effective management of risk.

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the Treasury Management operation is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's appetite, providing adequate liquidity initially before considering investment return.

The second main function of the Treasury Management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses. Any debt previously drawn may be restructured to meet Council risk or cost objectives.

Treasury Management is vital as millions of pounds pass through the Council's books each year. It is critical that these resources are properly managed in a way that balances risk with return whilst ensuring the Council can meet its financial obligations. The scale of borrowing, the inter-relationship

between capital and revenue cash management and the fact that the Council may have surplus temporary funds for investment prior to commitment or spend, require the development of sound borrowing and investment strategies that encompass all of these activities in a safe, efficient and consistent manner. The main objectives of the Treasury Management function are:

- To effectively manage and control risks
- To ensure sufficient cash is available to enable the Council to discharge its financial obligations when they become due
- To undertake all borrowing at or below budgeted rates based on best value, and seek opportunities to reduce the cost of servicing existing debt
- To plan cash flows and minimise the cost of any temporary borrowing (which is required for day to day cash flow reasons)
- To invest prudently, having regard to the security and liquidity of investments and the predictability of returns
- To aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity

The Council complies with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes, and has approved:

- A Treasury Management Policy Statement, which sets out the policies and objectives of its treasury management activities; and



- A series of Treasury Management Practices (TMP's) which set out the way the Council will seek to achieve its policies and objectives for treasury management.

The s151 officer is responsible for maintaining the Treasury Management Policy Statement and TMP's, and for recommending any changes to Council for approval.

As noted in paragraph 3.7, the s151 Officer will propose an annual Treasury Management Strategy to the Policy and Resources Committee and Council in advance of the start of the relevant financial year. This Strategy will comply with CIPFA's Code of Practice on Treasury Management, relevant Regulations and with the Council's own Treasury Management Policy Statement and TMP's; it will set the parameters within which investment and borrowing activity will be managed during the forthcoming financial year. The s151 officer is responsible for ensuring that all borrowing and investment activity is undertaken in compliance with the approved Treasury Management Strategy.

The s151 officer will report to the Policy and Resources Committee at regular intervals in each financial year, on treasury management activities undertaken within delegated powers.

All investments of money, and borrowings undertaken, on behalf of the Council will be made in the name of the Council. The s151 officer will maintain records of such transactions. The s151 officer will borrow on behalf of the Council under powers contained in the Local Government Act 1972 and subsequent legislation in accordance with the agreed borrowing strategy. The s151 officer shall arrange for the investment or utilisation for the Council's own purposes of surplus funds in accordance with agreed criteria; and ensure that the amount of borrowing outstanding at any point in time does not exceed the Council's authorised limit for the year.

Chief Officers will inform officers with responsibility for Treasury Management of significant movements and changes in the Council's anticipated cash flows.

Under the Local Government Act 2003 the Council is required to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (Prudential Code). The key objectives of the Prudential Code are to ensure that within a clear framework, the capital investment plans of local authorities are affordable, prudent and sustainable. The Prudential Code requires that prior to the commencement of the financial year various prudential indicators for the forthcoming financial year and at least the two subsequent financial years must be approved by Council.

The s151 officer will establish procedures to both monitor performance against all forward looking prudential indicators and ensure gross external borrowing does not exceed the Council's authorised limit; will report to Council any significant deviations; and ensure regular monitoring is undertaken in year against the prudential indicators of affordability and sustainability. He/she will report to Council, setting out management action, where there is significant variation in the estimates used to calculate prudential indicators.

### **7.3.3 Loans to third parties**

The following table sets out the circumstances in which loans may be provided by the Council to third parties, and the approval required for each type of loan:

Type of loan	Minimum approval required
1. Monies invested with banks and other financial institutions	To be undertaken in accordance with the Council's Annual Treasury Management Strategy (see paragraph 7.3.2 above).
2. Loans to third parties for the purpose of financing expenditure which, if incurred by the Council, would constitute capital expenditure	Such a loan would constitute capital expenditure by the Council ( <i>and the repayment would constitute a capital receipt</i> ) and so would require Capital Programme approval (see paragraphs 3.4.2 and 4.5).
3. Loans to third parties for other purposes (e.g. where a service is being outsourced and the potential provider seeks an up-front payment to support cash flows)	Subject to the following approval: <ul style="list-style-type: none"> <li>• <b>Less than £50,000 - s151 Officer</b></li> <li>• <b>£50,000 and above but less than £100,000 - relevant Committee</b> (following consultation – with the <b>s151 officer</b>)</li> <li>• <b>Over £100,000 and above – Policy and Resources Committee</b></li> </ul>

*Note: The rate of interest chargeable on loans within categories 2 and 3 above will be determined in consultation with the s151 officer, having due regard to State Aid rules.*

#### 7.3.4 Bank accounts

The opening or closing of any Council bank account will require the prior approval of the s151 officer and must be managed in accordance with directions issued by the s151 officer.

The s151 officer will approve the terms under which banking services, including overdraft facilities, are provided. Banking arrangements and associated functions for the Council shall be made by the s151 officer. The s151 officer will specify arrangements for the operation of the Council's bank accounts, prescribing rules concerning the number, amount and type of transactions which are to be passed through an account and the extent of any permitted overdraft on the Council's accounts, and will ensure that main bank accounts are regularly reconciled with the Council's accounts, making secure arrangements for the design, printing, storage and issue of cheques.

The opening of additional bank accounts in the Council's name is to be avoided if possible. All bank accounts must be titled impersonally with the prefix of Wirral Council subject to any exceptions agreed by the s151 officer. Bank transfers, CHAPS payments and faster payments from the General Fund and the Council's other main drawings accounts must be signed by the s151 officer, or those officers authorised to sign. Cheques drawn on behalf of the Council shall contain the signature of the s151 officer by computer or mechanical means. Handwritten cheques must contain the signatures of the authorised signatories.

Every cheque above £10,000 or made payable to cash shall be countersigned by such employees designated by the s151 officer for this purpose. The exception to the rule is the Adult Care Personalised Budgets bank accounts where officers within the Service are counter signatories. No direct debits should be set up unless authorisation has been sought from the s151 officer.

Chief Officers will:

- Make arrangements for the proper operation of subsidiary bank accounts, including the security and issue of cheques, and prevention of overdrafts on such accounts
- Ensure subsidiary bank accounts are reconciled to service records on a monthly basis
- Ensure all money received on behalf of the Council is paid promptly into the Council's accounts or is available for collection within arrangements approved by the s151 officer
- Ensure all payments to be made are from bank accounts approved by the s151 officer
- Ensure income or other monies held are not used to cash personal cheques or other payments
- Make secure arrangements for the receipt of income
- Follow instructions on banking issued by the s151 officer

### **7.3.5 Imprest accounts**

Wherever possible, purchase cards will be used for low value transactions and where there are no mandated procurement contracts in place (the use of purchase cards is covered further in section 8.3.6). However, in the limited circumstances when purchase cards cannot be used, the s151 officer may provide bank imprest (petty cash) accounts to meet minor expenditure on behalf of the Council.

Petty cash accounts are small amounts of cash maintained on site to make small purchases of up to £50 each, where the formal ordering process is not appropriate for the purchase being made. Use of petty cash is facilitated by reimbursement of personal monies spent for business use, on production of proof of the expenditure and should only be used in exceptional circumstances.

The majority of Petty Cash transactions are for low-value items where it is not possible (rather than convenient) to go through the Council's HR and Payroll System for reimbursement of car mileage and expenses, or via a Purchase Card. Internal Audit may provide an independent check that individual petty cash accounts are properly managed and reconciled periodically.

The Human Resources 'HR Selfserve' system is the process to use for most of this type of expenditure, whereby employees can claim for purchases directly and be reimbursed subject to line manager approval via the Council's Payroll. Where petty cash continues to be used it is important that:

- Only minor items should be purchased through petty cash
- Petty cash must not be used to avoid alternative methods of payment; i.e. not to circumvent either the Council's procurement strategy or agreed approach and authorisation procedures, nor used for payments relating to employee salaries, wages and expenses, nor work carried out under the Construction Industry Scheme (CIS)
- Goods that are subject to a corporate contract (i.e. available on the i-Procurement system) must not be purchased through Petty Cash
- Employee expenses must not be claimed via petty cash. These should be claimed via the 'HR Selfserve' system
- No income should be paid into a petty cash float
- All petty cash floats should be securely held and in line with insurance arrangements
- All payments must be supported by a receipt and a claim form which must be signed by a manager
- VAT must be accurately recorded and a VAT receipt kept to support the claim
- All petty cash floats should be reconciled to the accounting records on a regular basis
- Records of all petty cash floats are held and verified by the Finance Service
- Petty cash should not, under any circumstances, be used to pay suppliers or contractors cash in hand
- Under no circumstances should a direct debit inward (i.e. income) or a direct debit outward (i.e. payment) be set up on an imprest account. Under no circumstances should the balance on an imprest account be allowed to go overdrawn at the bank

The s151 officer will:

- (i) Prescribe rules for operating these accounts
- (ii) Determine the amount of each imprest account
- (iii) Maintain a record of all transactions and cash advances made; and
- (iv) Periodically review the arrangements for the safe custody and control of advances.

Chief Officers are responsible for ensuring that where local arrangements are in place:

- i) They are operated in accordance with guidance issued by the s151 officer
- ii) Appropriate management supervision and compliance monitoring is undertaken
- iii) Adequate records are maintained to allow for the verification and reconciliation of all payments made to the Council's general ledger and bank accounts, and to allow for the proper treatment of VAT
- iv) Arrangements are being operated for legitimate Council business only

- v) An officer who is personally responsible for the administration and security of the petty cash imprest account is designated
- vi) To provide the s151 officer with a certificate of the value of the account held at 31st March each year
- vii) The float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
- viii) Maintain a list of all officers who are responsible for authorising petty cash claims

Employees operating an imprest account will:

- i) Obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained.
- ii) Make adequate arrangements for the safe custody of the account.
- iii) Produce cash and all vouchers to the total value of the imprest amount.
- iv) Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder.

### **7.3.6 Trust funds and funds held for third parties**

A third-party fund is defined as any fund financed other than by the Council, controlled wholly or partly by a member of the Council's staff in connection with the clients, establishments or activities of the Council. Such funds may comprise funds held in trust for the benefit of another person, monies held and managed on behalf of clients who are not necessarily able to manage such funds for themselves (often under appointeeship or deputyship arrangements) or any other funds which may be held voluntarily on behalf of others. It is essential that good management and control is exercised over funds held on behalf of third parties, and any aspects specific to any relevant court order are adhered to strictly, because the Council has assumed financial responsibility for the funds and therefore any issues may impact upon the Council's reputation.

All funds held on behalf of third parties should be managed and controlled using the same standards of financial probity that are applied to any financial assets of the Council. All such funds should be held separately from any Council funds. All expenditure should have some form of independent approval, and any income should be promptly recorded and banked. Cash and bank balances should

be regularly reconciled and independently verified. All financial assets, documents and records should be held securely.

Wherever possible, trust funds will be held in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities relating to the trust with the s151 officer, unless the deed provides otherwise.

Trust funds will be operated within any relevant legislation and the specific requirements for each trust.

Where funds are held on behalf of third parties, for their secure administration, written records will be maintained of all transactions.

The s151 officer will:

- Make officers aware of the expectations placed upon them for managing funds, specifically in terms of financial controls
- Ensure there is appropriate guidance in place to support the management and control of appointeeship arrangements in conjunction with any relevant legislation or regulations
- Arrange for the secure administration of third-party funds, and to maintain written records of all transactions, their nature and purpose
- Keep records of any funds left in trust to the Council or administered by its officers
- Ensure any trust funds are managed in line with any relevant legislation, regulations, guidance or trust conditions and requirements for each trust, and annual audited accounts and annual returns are prepared where appropriate

Directors will:

- Notify the s151 officer of any trust funds within their Services
- Ensure they are aware of all funds being held and managed on behalf of third parties
- Administer all such funds in accordance with guidance issued by the s151 officer and ensure appropriate financial controls are maintained
- Maintain a register of all third-party funds, which is maintained separately, and subject to the same standards of stewardship and probity as Council funds
- Arrange for all trust funds to be held in the name of the Council
- Ensure funds are operated within any relevant legislation and specific requirements for each

## **7.4 Staffing**

Council staff are an essential part of providing the highest level of quality services. Staff are the greatest single item on which the Council spends its budget. It is therefore crucial that procedures and guidance issued by Human Resources are followed precisely. In order to provide the highest level of service, it is crucial that the Authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level within the resources available.

The Head of Paid Service is responsible for providing overall management to staff and is also responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration of a job. The Head of Human Resources acts as an advisor to Chief Officers on areas such as national insurance, pension contributions and HR policy.

Chief Officers have primary responsibility for their establishment and are accountable for compliance with establishment and financial controls. Chief Officers are responsible for ensuring that positions are only created as new requirements and associated funding

emerge; and are deleted or modified as needs and funding change. They will ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided. Chief Officers will monitor activity to ensure adequate control over such costs as sickness, overtime, training and temporary officers; ensure the Head of Human Resources and the s151 officer are informed if the staffing budget is likely to be materially over or under spent; and will ensure that all changes to staffing levels are communicated to Human Resources as soon as possible to ensure financial and operational records are kept up to date, e.g. in respect of salaries, expenses and pensions, including details of appointments, promotions, regradings, resignations, dismissals, retirements and absences from duty.

The s151 officer will advise Chief Officers on areas such as national insurance and pension contributions, as appropriate. The s151 officer will ensure that budget provision exists for all existing and new Officers, and ensure arrangements for payment to the appropriate bodies, of all statutory taxation and other payroll deductions. The s151 officer will prepare an annual staffing budget for services, in consultation with Chief Officers and ensure it is an accurate forecast of staffing levels.

Chief Officers are responsible for instructing Human Resources and for providing appropriate and accurate information to enable the prompt and accurate payment of travelling, subsistence and other expenses to authorised employees in accordance with the terms of employment agreed by the Council. Where Officers use their cars for official business, Chief Officers must ensure they are properly insured to indemnify the Council against any loss and for ensuring that payments are only made in respect of journeys which are necessary and actually undertaken. All claims for reimbursement must be made using official claim forms or via authorised electronic inputs.

## **7.5 Intellectual property**

Intellectual property is a generic term that includes inventions and writing. If an employee creates these during employment then, generally, they belong to the Council, not to the employee.

Like any assets, intellectual property is an essential factor in ensuring business continuity within the Council, and the effective delivery of Council services. It is critical therefore, that the Council puts in place adequate controls over the ownership, storage and use of all intellectual property. The Council holds a large quantity of information for a variety of purposes. As such, it is essential that an overall strategy is in place and implemented for the management of such information to ensure consistency, value for money, accuracy and that any relevant laws are followed.

Chief Officers will ensure that their staff are not carrying out private work in Council time and that their staff are aware of the Council's rights about intellectual property.

Instances where intellectual property has been (or may be) created which has, or may have, commercial value to the Council should be referred to the relevant Director(s).

**8 Income and Expenditure****8.1 Income****8.1.1 Introduction**

Some Services have the facility to charge for the services provided as part of their day to day operations. The collection of income is a significant part of the Council's business and it is a vulnerable asset. Effective income collection systems are necessary to ensure that all income due to the Council is identified, collected, receipted and banked properly.

Wherever possible, income should be collected in advance of supplying goods or services. Such an approach will avoid the time and cost of administering debts and negates the possibility of a bad debt.

It is the responsibility of Chief Officers to ensure that staff authorised to act on their behalf in respect of income collection are clearly identified.

Chief Officers will supply the s151 officer with details relating to work done, goods supplied, services rendered or other amounts due, to enable invoices to be raised promptly for sums due to the Council, and to ensure that such amounts are properly recorded as due to the Council.

**8.1.2 Income collection**

The s151 officer will agree the arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection. The s151 officer shall also:

- Approve the design of controlled stationery and arrangements for its control, security and retention
- Develop and maintain up to date procedural guidance for the collection of income due to the Council
- Seek approval from Council on an annual basis for discretionary fees which will apply to transactions in the following financial year

In relation to the collection of income, the s151 officer and Chief Officers will ensure that:

- (i) All money received by, or on behalf of, the Council is paid fully and promptly into the appropriate Council bank account in the form in which it is received. The frequency of banking should follow the guidelines provided by the s151 officer to avoid incurring disproportionate banking charges on relatively low value transactions, taking into account local security and insurance cover arrangements.
- (ii) A charging policy is established for the supply of goods or services, including the appropriate charging of VAT, and to review it annually, in line with corporate policies. (Charges apply where the Council has a power but not



necessarily an obligation to provide services and for which it is proposed to make a charge to recover all or part of the costs incurred. Chief Officers are responsible for ensuring that legal advice is sought before introducing charging. The Monitoring Officer should also be consulted before proceeding with a project that involves a new policy for charging for discretionary services or a variation on previous practice)

- (iii) Income is not used to cash personal cheques or other payments.
- (iv) Appropriate details are recorded onto paying-in slips to provide an audit trail.
- (v) A record is kept of money received directly by employees of the Council; where the receiving officer signs for the transfer of funds, and the transferor must retain a copy.
- (vi) Wherever possible, at least two employees are present when post is opened so that money received by post is properly identified and recorded; this requirement must be met where post regularly contains money.
- (vii) Money collected and deposited is reconciled to the appropriate bank account on a regular basis.
- (viii) The responsibility for cash collection is separated from that for identifying the amount due and that responsibility for reconciling the amount due is separated from handling of the amount received.
- (ix) Income is only held on premises up to levels approved by the s151 officer. All such income will be locked away to safeguard against loss or theft, and to ensure the security of cash handling.
- (x) All appropriate income documents are retained and stored for the defined period in accordance with the Council's [Corporate Records Management Policy and Corporate Retention Policy](#).
- (xi) The s151 officer is advised of outstanding income relating to the previous financial year as soon as possible after 31st March, and in line with the timetable for closure of the accounts determined by the s151 officer.

Chief Officers will be responsible specifically for:

- (i) Identifying and billing for income relating to their service areas
- (ii) Ensuring accounts for work completed, goods supplied or services rendered and all other income due are promptly raised and issued to the debtor(s) concerned
- (iii) Determining where charges can be made at point of sale and where there is a need to raise a debtor invoice
- (iv) Issuing official receipts or to maintain other documentation for income collection. Officers must issue machine printed or official receipt forms or tickets when receiving all monies due. All official receipt forms (miscellaneous receipt books) shall be pre-printed, and Officers must sign all such receipts when issued
- (v) Ordering and issuing all controlled stationery (receipt forms, books or tickets and similar items). The design of controlled stationery and arrangements for its control and security to be approved by the s151 officer
- (vi) Supplying the s151 officer with details relating to work done, goods supplied, services rendered or other amounts due, to enable a sundry debtor invoice to be raised promptly, supported by sufficient documentary evidence
- (vii) Ensuring VAT is appropriately applied, and the correct VAT category is used

- (viii) Ensuring cash held on premises does not exceed approved safe/security limits and adequate insurance coverage has been obtained (Detailed guidance on limits is available from the Risk and Insurance Team)

The cost of collection should be considered when raising accounts. Chief Officers must ensure that the method of collection is appropriate to the value of the transaction. Officers must endeavour to collect payment at point of service/sale wherever possible, especially for low value charges (e.g. under £100).

Where a service wishes to collect income by electronic means (i.e. by debit card, credit card, contactless payments, etc.) using an external service provider (e.g. Parentpay, etc.) then prior to putting in place such arrangements the service will need to seek the approval of the s151 officer in respect of the accounting procedures to be put in place for recording the income. The service will be responsible for ensuring that the external service provider meets the requirements of the Payment Card Industry Data Security Standards (PCIDSS) both when appointed and for all subsequent periods during which their services are being used.

### **8.1.3 Debt recovery**

Amounts owed to the Council will be recorded by billing the customer or client in accordance with the Council's Income Management framework. All debtor invoices must be raised via the Corporate Debtors system. Invoices raised need to be appropriate and legitimate and calculated correctly, in accordance with an approved charging policy and VAT must be levied and collected in line with VAT guidance at the appropriate rate. Effective action must be taken to pursue non-payment within defined timescales.

Chief Officers will ensure that a clear framework is in place within their areas of responsibility which defines who is empowered to raise a debt on the Council's behalf. Once debts are raised, Chief Officers have a responsibility to assist the s151 officer in collecting the debts that they have originated by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.

### **8.1.4 Writing off debts**

The Council has a Corporate Debt Policy with the guiding principle that customers have a responsibility to pay amounts that have been properly assessed as being due (see Appendix B). The Council is committed to using the most appropriate and effective recovery methods available to it. In certain circumstances and for justifiable reasons it will be necessary to classify some debts as irrecoverable and to recommend that they be written-off.

Chief Officers will critically review outstanding debts on a regular basis, in conjunction with the s151 officer, and take prompt action to write off debts no longer deemed to be recoverable. Chief Officers shall recommend to the s151 officer all debts to be written off; and must obtain the approval of the s151 officer when writing off debts in excess of the approved limit, and the approval of Council where required.

Chief Officers in consultation with the s151 officer and the Monitoring Officer are authorised to write off debt where there are reasons that prevent the Council from attempting any further recovery action. These reasons are as follows:

- The debtor has been declared bankrupt
- The debtor has gone into liquidation
- The debtor has had their debt remitted by the Court
- The debtor has been granted a Debt Relief Order for the debt
- The debtor is deceased and there is evidence of no estate

No bona fide debt may be cancelled, other than by formal write off. The approval required to write off any debt is as follows:

Amount	Minimum approval required
Up to £10,000	<b>Budget Holder</b> ( <i>following consultation with the <b>Chief Officer</b> and <b>s151 officer</b></i> )
More than £10,000	<b>Policy and Resources Committee</b>

A record must be maintained for all debts written off. The appropriate accounting adjustments must be made following approval to write-off a debt.

Where debts have been referred to Legal Services, the s151 officer will have due regard to their advice when considering action relating to bad debts.

Chief Officers are responsible for ensuring adequate provision for bad debt is made in the Council's accounts at year-end and that contributions to this provision are included in budgetary projections and outturn reports.

### 8.1.5 Credit notes

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, and once it is confirmed that the debt is not payable.

Credit notes will not be issued:

- For irrecoverable debts, as the formal write off procedure should be followed.
- Where the debtor cannot afford to pay at that time. The debt should remain, and revised payment terms agreed, as appropriate.
- Where a debt is to be recovered through deductions from payments. In such instances, the deductions made should be offset against the debtor.

Credit notes will be subject to the approval of the Head of Service / operational budget holder.

## 8.2 Purchasing and procurement

### 8.2.1 Introduction

Every day, officers within the Council will order and/or authorise payments for goods and services. An order is a formal instruction requesting goods and services for which a payment will be given. An order must be electronic, represent a commitment on behalf of the Council, and form a contract with suppliers. The Council has [Contract Procedure Rules](#) in place which aim to achieve value for money in the purchase of goods and services. These rules set the framework to ensure that procurement delivers value for money across all services and directly contributes to the achievement of our corporate priorities.

The Council applies a standardised approach to purchasing and procurement, according to the complexity and level of risk involved. Sourcing activity therefore depends on:

- (i) What is being procured
- (ii) The value of the procurement
- (iii) The contract terms; and
- (iv) Whether there is likely to be a transfer of staff, safeguarding, clinical governance or information security requirements because of the procurement.

Compliance with the Council's procedures helps to ensure that value for money is obtained from its purchasing arrangements.

### 8.2.2 Procurement

It is necessary to follow the procurement approach laid out within the Council's **Contract Procedure Rules**.

There is no requirement for competition for very low risk procurements (i.e. those up to **£5,000** or such other limit set out in the Contract Procedure Rules). Such procurements can be made using:

- (i) A Wirral Council Purchase Card (the use of which is set out in the Council's [Purchase Card Policy and Guidance](#));
- (ii) The Council's i-Procurement system.

All other work, goods and services must be procured following a competitive process that reflects the relative risks of the procurement (i.e. as laid out within the Council's [Contract Procedure Rules](#)).

Officers involved with engaging contractors, and/or with purchasing decisions, have a responsibility to declare:

- (i) Any links or personal interests that they may have with purchasers, suppliers and/or contractors; and
- (ii) Any gifts or hospitality offered by, or received from, purchasers, suppliers and/or contractors.

The necessity to make such declarations arises from the requirements outlined in paragraphs 6.5.2 and 6.5.3.

All new contracts must also be recorded and retained in the corporate contracts register in accordance with the [Contract Procedure Rules](#).

Where a third party is procuring goods, work or services on behalf of the Council then the relevant officer(s) must ensure that the third party is aware of and complies with the Council's procurement procedures.

Managers responsible for letting contracts should regularly review contractors' performance and address errors, poor performance and/or mis-representation, and to invoke service credits where applicable.

## 8.3 Ordering and paying for work, goods and services

### 8.3.1 Orders for work, goods and services

Orders for work, goods and services must:

- (i) Be in a form approved by the s151 officer.
- (ii) Be raised via the Council's i-Procurement system and issued to the supplier prior to receipt of goods or services or commencement of works. The only exceptions are for periodic payments such as rent or rates and petty cash or purchase card purchases.
- (iii) Not be raised for any personal or private purchases.
- (iv) Only be authorised by appropriate officers and correctly recorded
- (v) Include the contract price or quotation obtained as well as the contract/quotation reference
- (vi) All official purchase orders must include, as a minimum, the order number, the price agreed with the supplier, description of the goods or services to be provided, the delivery address, the address where invoices must be received and the terms and conditions for the goods and services to be provided
- (vii) Be authorised in accordance with the Council's Constitution and by someone of at least the seniority set out below:
  - a. Where the order is issued to reflect a procurement decision taken by a Committee then the order may be authorised by the operational budget holder
  - b. In other cases the order must be authorised in accordance with the table below:

Financial limit	Minimum approval required	Allocated cost centres
More than <b>£1.5m</b>	<b>Relevant Committee</b>	<i>As defined by Chief Officer</i>
More than <b>£250,000</b> and above, but no	<b>Relevant Chief Officer</b> following consultation with the <b>s151 officer</b>	<i>As defined by Chief Officer</i>

more than <b>£1.5m</b>		
More than <b>£100,000</b> but less than <b>£250,000</b>	<b>Relevant Chief Officer</b>	
Up to <b>£100,000</b>	<b>Budget Holder</b>	<i>As defined by the Chief Officer</i>

Contracts with a value of under £50,000 may be signed by:

- (i) A person who is authorised to issue an order for that contract; or
- (ii) The Monitoring Officer, s151 officer or the Director with responsibility for Legal Services (or a person authorised by any of them).

Contracts with a value of £50,000 or more must be in writing and must be signed in accordance with the Constitution (i or be affixed under the common seal of the Council). Electronic signatures are acceptable if in a form approved by the Monitoring Officer. The Contract Procedure Rules set out the financial limits which govern the manner in which contracts are executed

Chief Officers must maintain a list of staff designated as authorised signatories, identifying in each case the limits of their authority. The authorised signatory list underpins and supports the signatory process, as any officer seeking to commit expenditure will be verified against the database to ensure they have the delegated power to do so. Only authorised officers set up in the i-Procurement system can authorise unless in exceptional circumstances as approved by the s151 officer.

No one may authorise an order unless they are satisfied that:

- (i) The work, goods and services ordered are appropriate and needed
- (ii) There is adequate budgetary provision
- (iii) The Council's Contract Procedure Rules have been adhered to.

### 8.3.2 Receipt of work, goods and services

Work, goods and services must be checked upon receipt to ensure they are in accordance with the order. Wherever possible, goods should not be received by the person who approved the order. Payment will not be made unless goods received have been received by the Authority to the correct prices, quantity and quality standards unless in exceptional circumstances as agreed by the s151 officer, or unless supporting legal advice is obtained.

For work, goods or services obtained using a Purchase Card it is the cardholder's responsibility to ensure that this is done in compliance with the Council's [Purchase Card Policy and Guidelines](#).

For work, goods or services ordered via the Council's i-Procurement system, the receipt of work, goods and services must be recorded against the original purchase order prior to receipt of an invoice, in order to provide approval to pay the invoice.

### 8.3.3 Payment of suppliers

For items ordered via the Council's i-Procurement system, the s151 officer will make payments from the Council's funds upon the receipt of a proper original, certified copy or valid electronic VAT invoice provided that:

- (i) A valid purchase order number is quoted on the suppliers' invoice; and
- (ii) Confirmation of receipt of the work, goods or services has been provided and the invoice is consistent with the receipted amount.

Invoices received which do not quote an approved purchase order number are not valid and will be returned to the supplier unpaid if the supplier has previously been notified of the details of the purchase order.

All invoices must be sent directly by the creditor to the address stated on the official purchase order to enable prompt payment. Unless there are exceptional circumstances, all creditor invoices should be sent to the central payments team.

All invoices, as a minimum, must include the official purchase order number (if provided to the supplier), the contract number as indicated on the purchase order, the name and address of the Council (as customer), an invoice number, the description of the goods or services provided, the quantity delivered, the delivery address, the date of the invoices and/or date of delivery of the goods or services, the address and VAT registration number of the supplier and the net price, the amount of VAT charged at the prevailing rate(s) and the total amount charged; any discount for prompt payment must be shown.

The s151 officer will make payments from the Council's funds, confirming:

- (i) The receipt of goods or services to the correct price, quantity and quality standards
- (ii) That the invoice has not previously been paid
- (iii) That expenditure has been properly incurred and is within budget provision
- (iv) That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
- (v) That discounts have been taken where available
- (vi) The correct accounting treatment of tax
- (vii) All payments are made to the correct supplier, for the correct amount and are properly recorded, regardless of payment method
- (viii) All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the [corporate retention policy](#)
- (ix) All expenditure, including VAT is accurately recorded against the right budget and any exceptions are corrected. If VAT is being re-claimed there is a need to ensure that it is appropriate to do so; and a VAT invoice is provided by the supplier



- (x) Invoices with Construction Industry Tax liability are accurately processed

The s151 officer will ensure the Authority's main financial systems, including i-Procurement (the Council's main ordering system) and procedures are sound and properly administered. The s151 officer will also prescribe procedural controls and arrangements that shall apply to the raising of orders through electronic means in respect of supplies and services or works and approve any changes to existing financial systems and to approve any new systems before they are introduced.

The s151 officer will approve the form of official orders and associated terms and conditions. He/she will provide advice and encouragement on making payments by the most economical means and ensure a budgetary control system that enables commitments incurred by placing orders to be shown against the appropriate budget allocation.

Payments to creditors will be made as soon as possible within agreed payment terms, in order to avoid late payment charges under the Late Payment of Commercial Debts (Interest) Act 1998, as amended by the Late Payment of Commercial Debts Regulations 2013.

Any invoice in dispute with a supplier must be clearly identified and processed in accordance with guidance issued by the s151 officer.

It is not permissible to make a payment in advance of the delivery of works, goods or services, or to vary the Council's standard settlement terms, other than with the prior approval of the s151 officer.

Chief Officers will notify the s151 officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision. In such cases, appropriate budget provision should be sought, either by way of a virement (see paragraph 4.3.3) or by way of a supplementary estimate (see paragraph 4.3.4).

The normal methods of payment by the Council shall be by:

- (i) BACS payments direct into suppliers' bank accounts;
- (ii) Purchase Card (in accordance with the Council's [Purchase Card Policy and Guidelines](#)).

In exceptional circumstances, where suppliers are unable to accept payment via BACS, cheques will be issued by the s151 officer. The use of direct debits to make payments will require the prior agreement of the s151 officer.

All appropriate evidence of the transaction and payment documents will be retained and stored in accordance with the Council's Information Management policies and guidance. Chief Officers must advise the s151 officer, at the end of each financial year, of outstanding expenditure relating to the financial year just ended, in line with the timetable for closure of the accounts determined by the s151 officer.

Chief Officers are responsible for ensuring that all goods and services are properly ordered, received and paid for. They must:



- Ensure that officers use i-Procurement for the raising of purchase orders and details of goods/services receipted are recorded in the system unless there are exceptional circumstances as approved by the s151 officer
- Be responsible for all orders issued from their Services, and for ensuring that the cost is covered within the approved estimates or by specific financial provision. They shall verify the correctness of all orders and, if satisfied, authorise them in accordance with arrangements prescribed by the s151 officer
- Ensure goods and services are not obtained without an official order and not placed retrospectively. Orders shall be given verbally only in cases of extreme emergency
- Ensure goods and services are purchased in accordance with the Council's [Contract Procedure Rules](#) – and making sure all officers are aware of and comply with them
- Ensure orders for goods and services are correctly addressed
- Ensure orders are only used for goods and service provided or purchased for recharge to voluntary organisations providing services that complement those provided by the Council
- Ensure individuals do not use official orders to obtain goods or services for their private use
- Ensure that there is adequate separation of duties in the raising and authorisation of requisitions, authorising of purchase orders, receipt of goods and authorisation of payments to creditors
- To consult the procurement team on appropriate arrangements for purchases of goods and services which cannot be accommodated within standard ordering and payment processes

Subject to such limits and conditions as may be directed from time to time by the s151 officer, Chief Officers shall not enter into leasing, credit arrangements, rental or other deferred payment agreements for any equipment or property or service without the express agreement of the s151 officer. Except for purchases by purchase card, or where an exception has been agreed, all purchases must be supported by an official requisition and purchase order unless previously agreed with the s151 officer.

#### **8.3.4 Contracts for construction and alterations to buildings / civil engineering works**

The systems and procedures for dealing with the financial aspects of contracts for construction and alterations to buildings and for civil engineering works must be agreed with the s151 officer. This will include the systems and procedures for the certification of interim and final payments; checking, recording and authorising payments, for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status. The s151 officer will make payments based on the certification of the appropriate Director.

### 8.3.5 Non-Invoice Payments

Where Chief Officers wish to initiate a payment to a third party without a supporting invoice, an official request for payment must be submitted to the s151 officer. Non-invoice payments should be requested on an exceptional basis only. Where payments of this type need to be made on a regular basis, Chief Officers must consider alternative options which may be more appropriate.

Any such requests must be authorised by an officer designated with an appropriate approval limit. They are responsible for ensuring that all payment details provided are accurate and that supporting records and documentation are available to substantiate the payment, including an official VAT receipt to allow for the reclaim of any VAT element. A proforma invoice, a request for payment, a supplier statement and a credit card voucher are not official VAT receipts.

Appropriately authorised requests for payment will be processed by the s151 officer and paid by BACS. Cheques will only be used in exceptional cases and by prior agreement.

### 8.3.6 Purchase Cards

Purchase cards are a form of charge card that allows goods and services to be procured. Purchase cards are issued directly to employees. The Council operates a scheme which offers Officers the flexibility to procure goods and services with a Purchase Card. Purchase cards provide the Council with another method of payment for goods and services, reducing the need for cash within the Authority. Purchase cards also provide the Authority with greater visibility of ad-hoc transactions.

All purchase card transactions must be recorded within an electronic portal as facilitated by the card providing organisation and must be matched to the relevant bank transaction on the electronic portal and authorised by the authorising manager and coded appropriately to the Council's General Ledger. They must be used for low value items only; and the selection of suppliers must be compliant with the [Contract Procedure Rules](#).

Cardholders must ensure budgetary provision exists for the transaction and must only use cards to order goods and services of the type specified in their business requirements at the initial card application stage. Lost/stolen cards must be reported immediately; and should the cardholder leave the Authority's employment, cards must be returned to the Senior Responsible Officer, destroyed and the cardholders' account cancelled. Cards are linked to specific cost centres and individuals; therefore a card cannot be transferred and nor should a card be shared with other colleagues, including the Personal Identification Number (PIN). Cardholders must scan and upload supporting VAT receipts for transactions; if scanning facilities are unavailable, cardholders must retain receipts for at least six years following the transaction date.

The s151 officer will provide guidance to all officers on the use of Purchase Cards, and will ensure that appropriate accounting guidelines are in place for transactions where the purchase card is used, including the accounting for VAT. He/she will issue cards to individual officers and approve individual and monthly transaction limits; arrange cancellation of the Purchase Cards when an officer leaves the Authority; issue guidance on

receipt retention; and ensure debit/credit card bank transactions are posted to the General Ledger including VAT.

Chief Officers must ensure that cards are held securely, complying with rules and guidance issued by the s151 officer, and ensuring purchase orders are not raised if a purchase card has been used for a transaction to avoid duplicate payments. Restrictions are placed on the categories of merchants/suppliers who can be used for purchase cards, to prevent unauthorised and inappropriate use. Chief Officers must ensure purchase cards are not used for personal transactions, and only used by the individual whom it is assigned to. Further, purchase cards will only be issued to individuals who have received appropriate training and individual transaction and monthly limits must be agreed by the Chief Officers or his/her representative. They will ensure that managers are aware of the officers who are allocated Purchase Cards and their responsibilities. They will ensure cards are returned to the Senior Responsible Officer in the event of a cardholder leaving the Authority's employment. They will ensure VAT receipts are retained for the appropriate period.

## 8.4 Authority to make payments

For payments other than those arising from purchasing and procurement, transactions must be authorised in accordance with the table below:

Financial limit	Minimum approval required	Allocated cost centres
Over <b>£1.5m</b>	<b>Relevant Committee</b>	<i>All</i>
Between <b>£250,000</b> and <b>£1.5m</b>	<b>Chief Officers</b> following consultation with the <b>s151 officer</b>	<i>All related to areas of responsibility</i>
Up to <b>£250,000</b>	<b>Heads of Service</b> ( <i>i.e. when designated as the operational budget holder</i> )	<i>As defined by Chief Officer</i>

## 8.5 Payments to Employees and Members

### 8.5.1 Salaries

Officer costs are the largest item of expenditure for most Authority services. It is, therefore, important that payments are made accurately, timely, only when they are due and that

payments accord with individuals' conditions of employment; and that Members allowances are authorised in accordance with the scheme adopted. It is therefore important that proper authorisation procedures are in place and there is adherence to corporate timetables and procedures in relation to the prompt notification of all changes including starters, leavers, variations and enhancements. All payments will be made in accordance with the terms and conditions of employment, and approved timesheets and claims.

Staff appointments will be made in accordance with the Council's Recruitment Guidance, establishments, grades and scales of pay.

The s151 officer is responsible for all payments of salaries and overtime to staff (with the exception of those schools that have the delegated power to procure their payroll function from elsewhere). The s151 officer will therefore:

- (i) Arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with prescribed procedures, on the due date. And to determine and approve the associated procedures in conjunction with the Head of HR Services.
- (ii) Record and make arrangements for the accurate and timely payment of tax, pensions and other deductions.
- (iii) Carry out frequent reconciliation of payroll expenditure against approved budget and bank accounts.
- (iv) Ensure all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.
- (v) Ensure HM Revenue and Customs regulations are complied with.
- (vi) Provide advice to secure payment of salaries and wages by the most economical means
- (vii) In conjunction with the Head of Customer Services (Manager – Payments Out) shall be responsible for the preparation of payrolls and for the method of payment of all salaries and allowances.
- (viii) Ensuring there are adequate arrangements for administering pension matters on a day-to-day basis.

Chief Officers must ensure that effective systems and procedures are operated, so that:

- (i) Payments are only made to bona fide employees.
- (ii) Payments are only made where there is a valid entitlement.
- (iii) Conditions and contracts of employment are correctly applied.
- (iv) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- (v) Ensure appointments are made in accordance with the regulations of the Authority and approved establishments, grades and scale of pay and that adequate budget provision is available.
- (vi) The HR Service is informed of all matters affecting payments as soon as possible e.g. pensions, income tax, National Insurance, statutory sick pay, etc.
- (vii) All requests to pay employees are: -
  - (i) in respect of employees within authorised establishments or approved redeployments or in respect of temporary or casual employees engaged for periods of sickness or emergency
  - (ii) at salary and wage rates in accordance with nationally negotiated rates except where otherwise approved

- (viii) Managers must consult the Head of HR on matters relating to the application of salaries and wages scales, policies and terms and conditions
- (ix) Managers shall check and monitor the payment of salaries, expenses and allowances for accuracy

The s151 officer and Chief Officers with responsibility for organisation development and people will advise upon the employment status of individuals employed on a self-employed consultant or sub-contract basis. Payment of salaries before the due date shall not be made except at the discretion of the s151 officer in conjunction with the Head of Payroll and / or HR and the Monitoring Officer.

### **8.5.2 Expenses and allowances**

The s151 officer is responsible for the payment of certified expense claims submitted by employees that are made in accordance with the Council's travel and subsistence guidance. Certification of travel and subsistence claims is taken to mean that journeys were authorised, and expenses properly and necessarily incurred for business purposes, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved.

The s151 officer is also responsible for the payment of Members' travel or other allowances. Members expenses must be claimed in accordance with the provisions set out in the Constitution. The s151 officer will make payments to any Members entitled to claim allowances on receipt of the proper form, completed and certified.

The s151 officer will ensure that taxable allowances and benefits are accounted for, recorded and returned, where appropriate, to HMRC. Details of any employee benefits in kind must be notified to the s151 officer to enable full and complete reporting within the income tax self-assessment system.

Due consideration should be given to tax implications, ensuring that advice is sought and the s151 officer is informed where appropriate.

Officers' claims submitted more than six months after the expenses were incurred will be assessed and determined, for payment or otherwise, by the Director. The s151 officer will provide guidance on how the assessment and determination can be made.

## **8.6 Taxation**

The s151 officer is responsible for ensuring compliance with all relevant taxation regulations and guidance that affect the Council either directly, because of its own activities, or indirectly, because of service delivery through external partners.

There are five main types of taxation which the Council will be aware of and takes account of when it carries out its business. These are:

- Value Added Tax (VAT)
- Income Tax and National Insurance

- Stamp Duty Land Tax (SDLT)
- Construction Industry Scheme (CIS) Tax; and
- Insurance Premium Tax

Each has its own rules and relates to different areas of the Council's business.

Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax can be severe. It is therefore very important for all Officers to be aware of their role and the current legislation and best practice relating to taxation.

Detailed consideration of future spending is required to ensure that the Council can continue to recover all the VAT it incurs, both on new schemes and on its existing expenditure. It is therefore important for all officers to be aware of their role in ensuring the Council's compliance with and adherence to HMRC's VAT Regulations.

It is important that the Council does not waste resources through under recovery of VAT, failing to identify taxable transactions and account for VAT due at the correct time, unnecessarily incurring non-UK VAT that is generally unrecoverable, or by making poor decisions due to inadequate information.

In the case of a specific query in any of the above areas of taxation, please contact the s151 officer or his/her nominated representative.

Some specific guidance on IR35 is appended to the Financial Regulations at Appendix A. This regulation deals with Employment Status and has recently been amended. This is a complex area and further details are provided in the Appendix, however, in summary, a worker's employment status is not a matter of choice. Whether someone is employed or self-employed depends upon the terms and conditions of the relevant engagement. Determining whether an individual can be treated as self-employed is the responsibility of the person engaging the individual to perform a task, not the individual themselves. If the Authority fails to correctly identify an individual's employment status, then HMRC will impose a penalty. The financial implications could be significant because HMRC have the power to go back six years plus the current year in claiming unpaid tax, National Insurance, interest and penalties.

It is therefore important that a HMRC reference number is obtained for anyone considered to be self-employed, by completing the HMRC Employment Status Indicator <https://www.tax.service.gov.uk/check-employment-status-for-tax/setup>. - The results screen (summary page) together with the enquiry details page (showing the responses to the questions in the employment status indicator) of the HMRC employment status indicator tool are to be printed, retained, and a copy forwarded to the Accountancy Team.

In addition, a tax declaration form must be completed for anyone considered to be self-employed before that individual commences work. The form must be retained for audit/HMRC and a copy forwarded to Accountancy.

With regards IR35, Chief Officers are to:

- Ensure the individual is engaged in line with the [Contract Procedure Rules](#)

- ii) Ensure that the Guide for Employment Status provided by the s151 officer is brought to the attention of and followed by all managers within their Service
- iii) Ensure that an HMRC employment status indicator tool is completed and a HMRC reference number is obtained for anyone considered to be self-employed
- iv) Ensure that the reference number obtained from the HMRC employment status indicator tool is included on any request to set up a new creditor
- v) Ensure that the results screen together with the enquiry details page (showing the responses to the questions in the employment status indicator) of the HMRC employment status indicator tool is printed, retained, and a copy forwarded to Accountancy
- vi) Make it clear to the self-employed person that they are responsible for their own tax affairs and are responsible for their own tax and national insurance contributions
- vii) Ensure a tax declaration form within the guidance provided by the s151 officer is completed, confirming responsibility for their tax implications before an individual commences work
- viii) Ensure an order is raised to cover the work carried out

The s151 officer's general responsibility across all areas of taxation is for:

- i) Ensuring that there are proper arrangements in place for the administration and accounting of the five areas of taxation
- ii) Ensuring that all arrangements comply with the Council's statutory responsibilities
- iii) Completing a monthly return of VAT input and outputs to HMRC
- iv) Completing all HMRC returns in respect of Pay as You Earn (PAYE) tax
- v) Providing details to HMRC regarding the Construction Industry Tax deduction scheme (CIS)
- vi) Maintaining up-to-date guidance for officers on taxation issues
- vii) Completing the Council's annual partial exemption calculation and ensure that, as far as possible, this is not exceeded
- viii) Providing VAT advice, both strategically and operationally
- ix) In consultation with the Monitoring Officer, to provide guidance to Chief Officers to determine whether an individual is treated as self-employed or an employee.

The s151 officer shall complete all HMRC returns regarding PAYE, on a timely basis.

To enable the s151 officer to fulfil the requirements of this role, Chief Officers will:

- (i) Ensure that the s151 officer is consulted on all proposals that may alter or affect the Council's tax liability, including proposals to implement alternative service delivery models (as outlined in section 9.1).
- (ii) Ensure that the VAT guidance issued by the s151 officer is complied with (*i.e. to ensure that the correct liability is attached to all income due and that all amounts recoverable on purchases can be claimed*).
- (iii) Ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax scheme requirements (as advised by the s151 officer).
- (iv) Ensure that the s151 officer's guidance on fee payments to consultants, individuals or partners is complied with. The s151 officer will maintain the Council's tax records, make all tax payments, receive tax credits and submit tax returns by their due date, as appropriate.



- (v) Ensure that all capital work and revenue development is notified to the Council's VAT Officer at the earliest opportunity where any of the following apply:
  - a. Significant VAT is incurred
  - b. Any VAT-exempt income is generated
  - c. There are non-cash benefits, e.g. Land swap or provision of services at below market price
- (vi) Fund any interest charges or penalties falling upon the Council from HMRC that result from their Department's failure to account for the correct VAT at the correct time
- (vii) Retain all VAT documents in accordance with the Council's [Corporate Records Management Policy and Corporate Retention Policy](#)
- (viii) Ensure that tax is accounted for in the correct tax accounting period
- (ix) Ensure that where construction and maintenance works are undertaken, the contractor fulfils the necessary CIS tax deduction requirements.
- (x) Seek advice from the s151 officer (where appropriate) on tax matters allowing time for efficient tax planning and the minimisation of any tax liabilities.

## 8.7 Emergency Payments

Emergency payments may arise because of unforeseen circumstances (e.g. as a consequence of a natural disaster, a civil emergency or a court order etc.) where budget provision has not been made and the payment cannot be covered within the relevant service's existing budget.

Emergency payments can only be made in extenuating circumstances with the following approval (as a minimum):

Amount	Approval required
Up to £250,000	<b>Chief Officers</b> <i>The Chief Officer will notify the <b>Section 151 Officer</b> as soon as practicable after the event that the emergency payment has been made.</i>
In excess of £250,000, but not more than £1m	<b>Chief Executive <u>or</u> the s151 officer</b>
More than £1m	<b>Policy and Resources Committee</b>

Details of emergency payments made within the financial year will be reported retrospectively to the Council.

## 8.8 Transparency



To provide transparency in its stewardship of public funds the Council makes information available to the public in relation to its spending, regardless of value. Monthly payment transactions made via purchase card, employee expenses and accounts payable are available to download via the Council's website.

## 9 External Arrangements

### 9.1 Alternative delivery models

#### 9.1.1 Introduction

“Collaborative working” covers a wide array of joint-working arrangements. For the purposes of this section, “collaborative working” means working with one or more third parties collectively to achieve a shared objective. The Council’s contribution to collaborative working may be capital, revenue or contributions in kind such as staff time, and contributions of any kind. *In any circumstance where the Council undertakes procurement in respect of collaborative working, the Council’s Contract Procedure Rules shall apply.* Collaborative working is becoming more and more commonplace within the public sector and is encouraged by central government to enable more cost-effective and efficient service delivery in partnership with a range of public and private sector partners.

Services may be commissioned from retained services within the Council or via an alternative delivery model (ADM). There are various types of ADM, including, but not limited to:

- (i) **Local Authority Trading Company (LATC)** - separate legal entity in which the Council has an interest that trades for profit with both public and private bodies. An LATC could have a number of legal forms including a company limited by shares, a company limited by guarantee, a community benefit society or a cooperative society.
- (ii) **Joint Ventures** - set up as separate corporate entities joining two or more parties for the purpose of executing a business undertaking. They can trade for profit.
- (iii) **Charitable incorporated organisation** - a corporate entity which is regulated by the Charities Commission; surpluses are reinvested in the company.
- (iv) **Social Enterprises** - businesses trading for social and environmental purposes.
- (v) **Outsourcing** - contractual arrangement between the Council and a private provider for the delivery of an agreed service, which involves the transfer of Council staff to the private provider. The outsourced provider can charge its customers and make a profit.
- (vi) **Social Impact Bonds** – contract to achieve agreed social outcomes through a programme of interventions delivered by a number of service providers.
- (vii) **Joint Committee** – joint bodies set up, by agreement, to discharge or carry out activities in conjunction with others.
- (viii) **Unincorporated association** – pooling of resources with other public sector bodies as a means of facilitating joint working in the provision of services.

This list is not intended to be exhaustive but is provided to illustrate the range and diversity of alternative service delivery models. Any intention to commission services through such a model must only be pursued in compliance with the decision-making process outlined in paragraph 9.1.2 below.

Each ADM will have its own governance arrangements, business plans, policies and procedures for managing its business, which can be different to those of the Council. In

some cases the Council will have two or more distinct relationships with the ADM. Each of these relationships is subject to different rules and processes:

- as shareholder/owner of the business
- as a customer, commissioner or supplier of goods or services supplied to or from the ADM

### **9.1.2 Business Cases for alternative delivery models**

Any proposal to commission services via an alternative delivery model must be developed through the Council's business case governance framework, to ensure that there is a robust planning and decision-making process in place.

To ensure consistency with corporate priorities and minimise the risk of abortive costs, the set up needs to be in 3 distinct stages:

- approval by Chief Officers in consultation with s151 officer to develop an Outline Business Case to establish the new ADM
- Production of an outline Business Case (OBC) to support the development of a full business case
- Production of a Full Business Case (FBC)

The Business Case must clearly articulate the options being considered and measure these against the desired outcomes. It should also set out whether there is a statutory basis for the provision of the service or activity under consideration.

Chief Officers are responsible for ensuring that the Council's governance framework is followed through all stages of the business case development and decision making process, and that specialist advice is sought from the following key stakeholders across the Council, at each stage in the development of the business case:

- (i) s151 officer (including financial, cash management and tax advice)
- (ii) Chief Officer, Legal and Assurance (including Monitoring Officer, Internal Audit and Organisational Risk advice)
- (iii) Chief Officer, Merseyside Pension Fund, (if in respect of pension arrangements)
- (iv) And any other Directors having an interest or in a position to contribute, for example, HR

Chief Officers are also responsible for ensuring that Council approval is obtained before any contract negotiations and/or financial transactions are entered into, and that all agreements and arrangements are properly documented, the content and format of which must be approved by the Monitoring Officer and/or s151 officer.

The Council is responsible for approving its participation in all significant partnerships / joint working arrangements with other local public, private, voluntary and community sector organisations.

Chief Officers, following advice from the key stakeholders listed above (including the s151 officer and Monitoring Officer), will advise the relevant committee on the key elements of arrangements for commissioning services via an ADM, including:

- (i) The financial roles and responsibilities of the Council with respect to monitoring of the ADM provider.
- (ii) Appraisal of financial and non-financial risks, together with mitigation plans. The reputational impact of failure to deliver services should be considered, with clear plans on how this would be addressed.
- (iii) A comprehensive list of all the financial commitments the Council will enter as a result of adopting the ADM.
- (iv) The governance arrangements for decision making, and how these will be carried out to ensure that the services provided remain aligned to those of the Council.
- (v) Performance measurement arrangements.
- (vi) Exit arrangements, and what would be done to ensure services continue to be delivered in the event of non-delivery by the service provider.
- (vii) The financial implication (including taxation and cash management issues) arising as a consequence of the proposed ADM.
- (viii) Transfer of Council assets to the proposed delivery vehicle, and arrangements for safeguarding their title and use.
- (ix) Whether equality, sustainability, recruitment and employment practices, data handling and protection, freedom of information principles, standards and behaviour and arrangements for engaging with citizens and service users are aligned to the Council's legal requirements and policies.
- (x) Audit requirements (both internal and external) and arrangements for the Council's auditors, where relevant, to have access to information.
- (xi) Arrangements for providing information required for the Council's Statement of Accounts to the s151 officer.
- (xii) If the proposal is for a local authority trading company, a dividend policy should be agreed that sets out the process by which decisions will be taken regarding the retention or distribution of profits.
- (xiii) Pensions advice.
- (xiv) If the Council's financial contribution has not already been included in the approved budget, further approval will be required, and will depend on the amount, and whether the funding is to come from existing budgets or from reserves. These approval limits are set out within the [Contract Procedure Rules](#). The financial contribution of the Council should be assessed over the lifetime of the collaborative working arrangement.

Where it is proposed to establish a local authority trading company, the new company will use the Council's support service functions and use the Council's property (and its facilities management services) for the delivery of services on behalf of the Council. They will bear the full cost of the services provided by the Council's support service functions.

### **9.1.3 Arrangements when Alternative Delivery Models are operational**

These will be in accordance with part 5, section 8 of the constitution (code of practice).

### **9.1.4 Reporting Arrangements for Alternative Delivery Models**

Each ADM will be required to provide regular shareholder financial and performance reports to the Council. The form and timing of reports will be defined by the s151 officer and

Monitoring Officer. If the ADM supplies services to the Council, it will also have to provide performance reports in accordance with its contractual obligations. These contractual performance reports will be incorporated as part of the standard Officer/Member process used for all suppliers.

Both Members and Officers may act as a Director of one or more of the Council's ADMs. The role of Director includes some significant personal responsibilities and liabilities. It is therefore important that advice from the Monitoring Officer is sought before becoming a Director.

## **9.2 Partnerships**

### **9.2.1 Context**

Partnerships are playing an increasingly key role in delivering community strategies and in helping to promote and improve the well-being of the area. The Council's distinctive leadership role brings together the contributions of various stakeholders who need to deliver a shared vision of services based on user wishes.

Partnerships include any arrangements where the Council agrees to undertake, part fund or participate in a project with other bodies; either as a beneficiary of the project, or because the nature or status of the project gives the Council a right or obligation to support it, but it does not include situations where the Council is simply providing funding without assuming any obligation or risk relating to delivery of the project. It is important to understand and distinguish between a partnership in this context and a supplier who the Council may refer to as a 'partner' due to the status that the Council has contractually awarded to it. Irrespective of the title applied to it, this latter type of partnership is a supplier relationship, which will be entered in accordance with, and governed by, the Council's Contract Procedure Rules.

### **9.2.2 Forming of partnerships**

The approval of both the s151 officer and the Monitoring Officer must be obtained prior to the Council entering into any formal partnership agreement. The approval of the s151 officer must also be obtained where it is proposed that the Council adopts the role of 'Accountable Body' for a partnership. This is to ensure that the:

- (i) Legal status and financial viability of the arrangement are clearly established and acceptable.
- (ii) Council's financial commitment to the partnership is quantified and that this can be accommodated within the existing budget provision.
- (iii) Financial and corporate governance arrangements in place for the partnership are robust, and acceptable from the Council's perspective.
- (iv) The Council is not exposed to undue financial, legal or reputation risk as a consequence of its involvement in the partnership.
- (v) Council's own financial accounting and reporting requirements can be satisfied.

A partnership agreement must be produced which documents each of these matters, and the arrangements for dispute resolution and for exiting the arrangement.

The Policy and Resources Committee is responsible for approving delegations and frameworks for all partnerships. Partnerships must be approved by Council or the Strategic Leadership Team depending on the scale of the project and the scheme of delegation.

Chief Officers will ensure that:

- (i) The approval of the s151 officer and the Monitoring Officer is obtained prior to entering into a partnership agreement.
- (ii) An appraisal is undertaken which demonstrates that the risks associated with the arrangement are minimal, or that appropriate arrangements are in place to mitigate any such risks.
- (iii) The partnership agreement and arrangements will not impact adversely upon the services provided by the Council or upon its finances.
- (iv) The proposed financial contribution by the Council to the partnership can be met from existing budget provision.
- (v) Council approval is secured for all delegations and frameworks for the proposed partnership.

### 9.2.3 Delegation of budget to a partnership

The delegation of budget to a partnership (whether the arrangement is binding on the parties or not), where money is normally spent in accordance with the wishes of a group of individuals or organisations, is subject to approval as follows:

Amount	Minimum approval required
Less than £100,000	Chief Officer
£100,000 and above, but not more than £1m	Relevant Committee ( <i>following consultation with Chief Officer and the s151 officer</i> )
More than £1m	Policy and Resources Committee

### 9.2.4 Financial administration

Where the Council is the 'accountable body' for a partnership, these Financial Regulations apply to decisions relating to the expending of that money. All expenditure must be authorised by an appropriate Wirral Council officer, or by someone else who has a statutory power to authorise expenditure. Chief Officers are responsible for ensuring that the Council is promoting and applying the same high standards of financial administration to the partnership that apply throughout the Council.

Whenever any such arrangements are made there must be a written document which clearly establishes the responsibilities of the respective partners for managing the arrangement and the resources made available to the partnership. The document must also set out the arrangements in respect of unspent funding at each year end, unless this is to be returned to the Council as unspent money, and for addressing any overspend.

Chief Officers must provide information on the partnership arrangements to the s151 officer, so that the appropriate disclosures can be made within the Council's annual Statement of Accounts. Chief Officers will provide adequate contract monitoring arrangements and ensure partnership arrangements do not impact adversely upon the services provided by the Council; and that a risk appraisal has been undertaken, in conjunction with the s151 officer, prior to entering such agreements. Directors will ensure compliance with the Council's Financial Regulations, [Contract Procedure Rules](#) and the specific requirements of external bodies.

A performance monitoring framework must be established to ensure that the objectives of the partnership are met. Access protocols to records and documents must be established to ensure effective audit and inspection processes.

The partnership agreement must be subject to a risk management process to establish and manage all known risks.

The s151 officer will:

- Ensure all financial management arrangements for partnerships are sound, including the accounting arrangements are satisfactory and meet all the requirements of funding agencies
- Provide guidance on establishing partnerships with any external organisation
- Provide guidance on the contract monitoring arrangements which should be adhered to in relation to partnerships
- Advise Council partners of their responsibilities under the Council's Financial Regulations
- Advise on the key elements of funding a project

### **9.2.5 Documenting and recording of partnership agreements**

Chief Officers must ensure that all partnership agreements and arrangements are properly documented, and that all money for which the Council is accountable is spent via a written contract with the recipient (even if the recipient is a party to the arrangements). The Monitoring Officer must be consulted when drawing up any such agreement.

### **9.2.6 Representing the Council**

Chief Officers will ensure that the Council has full oversight of the operation of the arrangements. This will usually be by officer support and by representation on the 'partnership board' by Members of the Council.

Chief Officers will ensure that appropriate officer input is provided to support Members in this role, and that all decisions made by the Council are discharged as permitted within the Scheme of Delegation that forms part of the Council's Constitution.

### **9.3 External Funding**

External funding can come from a variety of sources including Central Government Departments, European Union, National Lottery, Private Sector Companies and individuals. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other organisations and private service providers. External funding is a very important source of income, especially at a time when the Council's resources are limited and scarce.

#### **9.3.1 Funding conditions**

External funding is an important source of income to the Council, but funding conditions need to be carefully considered prior to entering into agreements, to ensure that:

- (i) They are compatible with the aims and objectives of the Council;
- (ii) The necessary procedures are in place to meet funding conditions and reporting requirements, including statutory reporting needs;
- (iii) Appropriate budget provision is available if 'match funding' is required, and future budgets reflect the financial consequences
- (iv) Funds are acquired only to meet the priorities approved in the policy framework/corporate plan by the full Council.
- (v) Revenue implications that arise from one off capital grants are understood before grants are accepted.
- (vi) A realistic exit strategy for time-limited projects when the external funding ceases

All bids for external funding must go through the Council's bid process and be compliant prior to submission. The s151 officer should be notified of all external funding bids, and he/she will support the bid through the process as well as provide bid development support.

#### **9.3.2 Accounting for external funding**

The s151 officer, in conjunction with Chief Officers must, as appropriate, ensure that all funding awarded or committed by external bodies is received and properly recorded in the Council's accounts. This will include ensuring that claims for funding are made by the due date, and in accordance with the funding conditions. The s151 officer will also ensure that:

- Any match funding requirements are considered prior to entering into agreements and the future revenue budgets reflect these requirements
- Time-limited projects have a realistic exit strategy
- Any external audit requirements are met
- Revenue implications that arise from one-off capital grants are understood
- Report to Policy and Resources Committee annually setting out any externally funded agreements that have been exercised under delegated approval during the year



- Include the income and expenditure in the Council's Annual Statement of Accounts

Chief Officers will ensure that:

- i) All claims for funds and other returns are made accurately and signed by the due date
- ii) Adequate supporting documentation is maintained, and retained, to enable claims for funding to be maximised, in consultation with the s151 officer
- iii) Each project progresses in accordance with the agreed programme and that all expenditure is properly incurred and recorded
- iv) Appropriate approval is obtained prior to incurring expenditure on schemes, projects, programmes, etc. which are to be financed wholly by additional grants or other income
- v) Provide details of external funding which have been agreed
- vi) Provide a breakdown of projected income and expenditure each year so that these can be properly budgeted for in the Council's financial system
- vii) All expenditure is properly incurred, authorised and recorded and that the project progress is appropriately recorded.

### **9.3.3 External funding claims**

The s151 Officer and Chief Officers must, as appropriate, satisfy audit requirements in respect of external funding claims. This includes maintaining appropriate records that accord with the funding conditions and making these available to the auditors as required.

### **9.3.4 Third party expenditure**

Sometimes, grant funding awarded to the Council may be passed to an organisation falling outside of the direct responsibility of the Council. The Council will however remain accountable for the grant funding and, as such, will be responsible for ensuring that all the terms of the grant are met.

The Chief Officer in receipt of the grant must ensure that effective monitoring and reporting procedures are in place to provide assurances over the eligibility of expenditure incurred by the third party and the delivery of outcomes. Upon audit, if the eligibility of third-party expenditure cannot be proven by the Council, the Council will itself usually be required to return the grant funding to the awarding body.

## **9.4 Work by the Council for Third Parties**

Current legislation enables the Authority to provide a range of services to other bodies on a client/contractor basis in order to maximise the use of its resources and expertise. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is *intra vires* (within the Council's legal powers).

The relevant committee will, on a periodical basis, agree the approach to be taken to the funding of, and investment in groups that further social, environmental or cultural objectives, such as voluntary and community organisations, faith groups and social enterprises

(including the allocation of grants, donations, and other discretionary contributions). The policy will specify the scale, nature and terms of such support. Funding intentions of this nature must be approved annually by the Council. As well as third sector funding, this should include discretionary payments to any type of organisation to sponsor or promote events that are outside the Council's normal activities.

#### **9.4.1 Approval to contractual arrangements**

Work can only be undertaken for third parties where the Council has the legal powers to undertake the work. Where such legal powers exist, Chief Officers are responsible for:

- (i) Approving the contractual arrangements for any work undertaken by their services for third parties or external bodies.
- (ii) Ensuring that the appropriate expertise exists to fulfil the contract.
- (iii) Ensuring that no contract adversely impacts upon the services provided by the Council.

#### **9.4.2 Financial aspects of third-party contracts**

Regarding the financial aspects of third-party contracts, Chief Officers will:

- (iv) Comply with any guidance issued by the s151 officer, including that proposals are costed correctly, and will ensure that the appropriate insurance arrangements are made.
- (v) Ensure that all costs arising from the provision of services to a third party are recovered and hence that there is no subsidy included within the contract.
- (vi) Ensure that the Council is not exposed to the risk of bad debts.

The s151 officer will issue guidance about the financial aspects of third-party contracts and the maintenance of the contract register.

#### **9.4.3 Documenting and recording contracts**

A written agreement must be put in place between the Council and the third-party, which details the services to be provided, over what period and at what price; this will be signed by both parties to the agreement. Chief Officers will provide information on the contractual arrangements to the s151 officer as requested, in order that the appropriate disclosures can be made within the Council's annual statement of accounts.

### **9.5 Trading Accounts and Business Units**

Trading accounts and business units have become more important as local authorities have developed a more commercial culture. Under accounting practice authorities or alternative delivery models are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost.

The s151 officer is responsible for the provision of advice on the establishment and operation of trading accounts and business units.

It is the responsibility of Chief Officers and Directors of Alternative Delivery Models to:

- (i) observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged;
- (ii) ensure the same accounting principles are applied in relation to trading accounts as for other services or business units;
- (iii) ensure each business unit prepares an annual business plan.

## **9.6 Voluntary and Unofficial Funds**

The term 'voluntary' or 'unofficial' fund refers to any fund, other than an official fund of the Council, which is controlled wholly or partly by an officer or teacher employed by the Council, or by the managers or governors of a school maintained by the Council.

The s151 officer has to determine the accounting requirements under which unofficial and voluntary funds shall be held and operated. These shall include a provision for such funds or investments to be held in the names of at least two people.

The s151 officer should determine the audit arrangements for these accounts in consultation with the Director concerned.

Chief Officers must provide the s151 officer with details of all voluntary or unofficial funds at schools or other establishments. This does not apply to funds which managers or governors of schools are entitled to control.

Fund Managers must ensure the accounts of voluntary and unofficial funds are made up annually, if possible, by people not directly involved in administering the fund. These accounts shall be published on the notice board of the establishment or school and included in a report to the managers or governors, where appropriate. The appropriate Chief Officer should be informed that the accounts have been audited and published.

## **9.7 Merseyside Pension Fund**

The Council is the administering authority of the Merseyside Pension Fund. These Financial Regulations (and [Contract Procedure Rules](#)) apply to the arrangements for that Fund, subject to the terms of the agreement with Tameside and Bradford Council in relation to the pooling of investments.

## 10. Financial Limits

### 10.1 General

Throughout these Regulations, there are various financial limits. These limits have been brought together in this section, for ease of reference. The following tables summarise the minimum level of approval required on each matter; if an officer at the specified level is unable to take a decision for any reason then the decision may be taken at a higher level in the organisation. This section is intended to set limits out in one place, but it applies subject to any limitations set out elsewhere in the Financial Regulations.

### 10.2 Revenue budget virements

Paragraph 4.3.3 sets out the Scheme of Virement. This explains that virements that are being actioned to effect a change in policy or priorities (*either within the same portfolio or between portfolios*) will be subject to the following approval:

Amount	Minimum approval required
<b>Up to and including £100,000</b> <i>(Subject to the aggregation rule in 4.3.3 (xiii))</i>	<b>Chief Officer</b> ( <i>following consultation with the Budget Holder</i> )
<b>In excess of £100,000</b>	<b>Policy and Resources Committee</b>

### 10.3 Capital expenditure

As noted in paragraph 3.4.1, the Council applies various de-minimis limits below which items that meet the definition of capital expenditure will be charged to revenue on the grounds of materiality. The limits are as follows:

De-minimis limits	£
<b>General limit</b> ( <i>to be applied where no specific limit is applicable</i> )	<b>10,000</b>

<b>Specific limits:</b>	
Transport (Highways) infrastructure	<b>Nil</b>
Land	<b>Nil</b>

## 10.4 Capital monitoring and control

Section 4.5 sets out the arrangements for making changes to the capital programme in year, as follows.

### 10.4.1 Applying under spends to offset overspends

Policy and Resources Committee will approve all re-profiling of spend on approved capital schemes across financial years. Policy and Resources Committee will approve the carry forward of slippage/accelerated spend into future financial years.

## 10.5 Settling insurance claims

As set out in paragraph 6.3, the settling of insurance claims against the Council will be subject to approval as follows:

Amount	Minimum approval required
Up to £20,000	Senior Liability Claims Officer
In excess of £20,000 but no more than £150,000	Assistant Director (Finance)
In excess of £150,000 but no more than £1m	Chief Officer with responsibility for insurance arrangements (in consultation with <b>Insurance Manager</b> , and the <b>s151 officer</b> )
In excess of £1m	Audit and Risk Management Committee (ARMC)

## 10.6 Property transactions

Paragraph 7.1.4 sets out the approval required for property transactions, as follows:

Amount	Minimum approval required
Up to £500,000	Assistant Director for Asset Management and Investment
In excess of £500,000	Policy and Resources Committee

Notwithstanding the above thresholds, the approval of the **Policy and Resources Committee** must be obtained if it is proposed to dispose of the freehold (or a leasehold interest with at least seven years unexpired) in the whole of the Council's interest in a property at a value which is below market value and/or the book value in the previous year's Balance Sheet.

The approval of the **Policy and Resources Committee** must also be obtained if the amount to be realised from the sale of part of an asset will reduce the book value of the remaining asset by more than is being realised.

## 10.7 Disposal of other assets

Paragraph 7.1.5 sets out the approval required for the disposal of other assets, as follows:

Amount	Minimum approval required
Up to £10,000	Head of Service ( <i>following consultation with the s151 Officer</i> )
More than £10,000 and up to £50,000	Chief Officer ( <i>following consultation with the s151 Officer</i> )
More than £50,000 up to £100,000	The relevant Committee (following consultation with the s151 officer)
More than £100,000	Policy and Resources Committee

## 10.8 Write-off of inventory

The approval required to write off inventory balances per annum is detailed in paragraph 7.2, as follows:

Amount	Minimum approval required
Up to and including £10,000	Budget Holder ( <i>following consultation with the s151 officer</i> )

<b>More than £10,000 and up to £50,000</b>	<b>Chief Officer</b> ( <i>following consultation with the s151 officer</i> )
<b>More than £50,000</b>	<b>Policy and Resources Committee</b>

## 10.9 Loans to Third Parties

The approval required for loans sought from the Council (paragraph 7.3.3) that are not loans to employees, treasury management investments, or loans for the purpose of financing expenditure which, if incurred by the Council, would constitute capital expenditure, requires approval as follows:

<b>Amount</b>	<b>Minimum approval required</b>
<b>Less than £50,000</b>	<b>s151 Officer</b>
<b>£50,000 but less than £100,000</b>	<b>Relevant Committee</b> ( <i>following consultation with the S151 officer</i> )
<b>Over £100,000 and above</b>	<b>Policy and Resources Committee</b>

*The rate of interest chargeable on loans for this purpose will be determined in consultation with the **s151 officer**, having due regard to State Aid rules.*

## 10.10 Writing off debts

The approval required to write off debts is detailed in paragraph 8.1.4, as follows:

<b>Amount</b>	<b>Minimum approval required</b>
<b>Up to £10,000</b>	<b>Budget Holder</b> ( <i>following consultation with the <b>Chief Officer</b> and <b>s151 officer</b></i> )
<b>In excess of £10,000</b>	<b>Policy and Resources Committee</b>

## 10.11 Purchasing

As set out in paragraph 8.3.1, orders for work, goods and services must be authorised by someone of at least the seniority set out below:

- a) Where the order is issued to reflect a procurement decision taken by Committee then the order may be authorised by the operational budget holder;
- b) Where (a) does not apply, and the order will have effect for more than a year and have a value in excess of **£100,000**, then the order must be authorised by a Chief Officer;
- c) In other cases, the order must be authorised in accordance with the table below:

Financial limit	Minimum approval required	Allocated cost centres
More than <b>£1.5m</b>	<b>Relevant Committee</b>	<i>As defined by Chief Officer</i>
More than <b>£250,000</b> and above, but no more than <b>£1.5m</b>	<b>Relevant Chief</b> following consultation with the <b>s151 officer</b>	<i>As defined by Chief Officer</i>
More than <b>£100,000</b> but less than <b>£250,000</b>	<b>Relevant Chief Officer</b>	<i>As defined by Chief Officer</i>
Up to <b>£100,000</b>	<b>Budget Holder</b>	<i>As defined by the Chief Officer</i>

### 10.12 Other payments

Payments other than those arising from purchasing and procurement must be authorised in accordance with the limits set out in paragraph 8.4, which are listed overleaf:

Financial limit	Minimum approval required	Allocated cost centres
Over <b>£1.5m</b>	<b>Relevant Committee</b>	<i>All</i>



Between <b>£250,000 and £1.5m</b>	<b>Chief Officers</b> following consultation with the <b>s151 officer</b>	<i>All related to areas of responsibility</i>
Up to <b>£250,000</b>	<b>Heads of Service</b> (i.e. when designated as the operational budget holder)	<i>As defined by Chief Officer</i>

### 10.13 Emergency Payments

As set out in paragraph 8.7, the following approval is required to make emergency payments:

Amount	Minimum approval required
Up to £250,000	<b>Chief Officer</b>  <i>The Chief Officer will notify the <b>Section 151 Officer</b> as soon as practicable after the event that the emergency payment has been made.</i>
In excess of £250,000, but not more than £1m	<b>Chief Executive <u>or</u> the s151 officer</b>
More than £1m	<b>Policy and Resources Committee</b>

### 10.14 Delegation of budget to a partnership

Paragraph 9.2.3 sets out what is meant by the term ‘partnership’, and sets out the approval required to delegate budgets to a partnership as follows:

Amount	Minimum approval required
Less than £100,000	<b>Chief Officer</b>
£100,000 and above, but not more than £1m	<b>Relevant Committee</b> (following consultation with Chief Officer and the <b>s151 officer</b> )
More than £1m	<b>Policy and Resources Committee</b>

**11. Other key policies and documents****11.1 Introduction**

The Financial Regulations should be read and used in conjunction with the Council's other policy documents and guidance. For ease of reference, links to the key documents and guidance are listed below.

**11.2 Human Resources**

- [HR Guidance – How do I?](#) (including recruitment guidance)
- [Employee Code of Conduct](#)
- [Disciplinary Policy](#)

**11.3 Information handling**

- [Guidance for information management and security including Retention Policy](#)
- [Standards on Data Protection](#)

**11.4 Procurement**

- [Contract Procedures Rules](#)
- [Purchase Card Policy and Guidelines](#)
- [Wirral Council Spending Information](#)

**11.5 Governance**

- [Code of Corporate Governance](#)
- [Support for developing a commercial approach](#), including business case template

**11.6 Regulatory framework**

- [Anti-Money Laundering Policy](#)
- [Constitution](#)
- [Risk Management Strategy](#)
- [Whistleblowing policy](#)
- [Conflict of Interest policy](#)

- [Gifts and hospitality policy](#)

## 11.7 Corporate Debt Policy – Appendix B

**Employment Status Guidance 2017**

**Introduction**

This guidance replaces the earlier guidance dated January 2009. It is more streamlined than the previous document and is intended to be more “hands on” and practical, concentrating on actual procedures rather than the theory behind the application of background legislation and case law.

Employment status is determined by the actual terms and conditions of *each* engagement. It is never a matter of individual choice but a measured decision taking into account legislation and legal precedent. HM Revenue & Customs legislation places responsibility for determining employment status firmly with the Council in its role as engager.

The area of employment status has never been simple and the April 2017 changes bringing IR35 status determination into the equation has brought individuals acting through their own company into the equation also. Prior to April 2017 these individuals were always paid gross but not anymore. There is now a dual HMRC on-line “Employment Status for Tax” test that covers

**1. Individuals registered as self-employed**

These service providers are registered as self-employed but may be workers and taxed at source (paid through the payroll) under the terms of a particular engagement.

**2. Individuals operating through their own registered company (including limited company) or partnership**

These individuals now have to be taxed at source (through the payroll) if the IR35 Regulations apply to the particular engagement despite their company remaining the individual’s principal employer. The net payment is made to the Company, not the individual.

It is vital that we get our employment status determination right as failure to do so will result in the Council picking up any backdated PAYE and national insurance bill and also risking the additional costs of both interest charges and a penalty.

I am available to discuss particularly difficult cases but this guidance is intended to help the engaging officer make and action the necessary employment status determination.

Note compiled by: Principal Tax Manager

## **Employment Status Checklist**

The following are a non-exhaustive list of factors which may be taken into account by HMRC or the courts when determining an individual's employment status.

Although the tests applied by HMRC and the courts/employment tribunals are similar, there can be differences between them. HMRC offers an online tool for determining an individual's employment status for tax purposes.

In contrast, there is no definitive test that employment tribunals use so it can vary from case to case as different tribunals may focus on some factors more than others.

An individual's employment status is basically a balancing act based on how the following classic employment / self-employment indicators apply to our specific engagement.

### **1. Are there mutual obligations?**

In an employment relationship the employer is under an obligation to provide the employee with regular work and the employee is under an obligation to make themselves available to do the work where provided. On the other hand, an organisation is not obliged to offer work to a self-employed individual on a regular or frequent basis and the individual is not obliged to accept any work where offered.

### **2. Is the individual obliged to provide their services personally? Can they use their own staff to support them?**

An employee is required to provide their services personally and cannot themselves employ/engage staff to support them in doing so. There is either no right to appoint a substitute or it is a fettered one, that is, it is subject to the organisation's approval and may only be used in limited circumstances (usually sickness or incapacity). A self-employed individual is not required to carry out the services personally and has an unfettered right to appoint a substitute, and they may engage/employ staff to support them (at their own cost).

### **3. Is the individual under the control of the organisation?**

An employee is under the employer's control in terms of what they do, how they do it and when they do it, although professional or skilled individuals can exercise considerable control over their own work and still be classed as employees. An employee is also subject to the employer's policies and procedures, such as those relating to disciplinary and grievances and dress code. A self-employed individual has the ability to determine when and how they work and is not under the direct control or supervision of the organisation.

### **4. How is the individual paid? Are they entitled to benefits?**

An employee is paid a regular salary or wage irrespective of performance targets or completion of a specific project or task (although shift or commission workers can still be employees). They are entitled to paid holiday and sick pay, and they may also be entitled to benefits such as pension, health insurance and a company car. A self-employed individual is paid on raising an invoice following the completion of a specific project or task, or they may be paid a commission. They are not entitled to sick pay, paid holiday, overtime or benefits.

### **5. Is the individual taking financial risk? Do they have the opportunity to profit?**

An employee does not take any financial risk in working for the organisation; they are paid even if there is insufficient work for them. A self-employed individual takes a degree of financial risk. For example, they may invest their own capital in the venture and incur personal liability for losses arising from their work. Conversely, they may have the opportunity to profit from the success of the project or assignment which they have been engaged on.

#### **6. What is the nature and length of the engagement?**

Except in the case of fixed-term contracts, an employee is employed for an indeterminate period. A self-employed individual is engaged for a fixed period to carry out a specific project or task.

#### **7. Can the individual work for other organisations?**

An employee cannot generally work for other organisations without the consent of the company and their employment contract may contain restrictive covenants which prohibit them from working in competition with the organisation and soliciting its clients or staff. A self-employed individual is free to work for other organisations without needing the company's consent.

#### **8. Is the individual integrated into the organisation?**

An employee is integrated into the organisation. For example, they work in a similar way to other employees, have an organisation email address, uniform, name, badge and business card. A self-employed individual operates independently of the organisation.

#### **9. Who provides the facilities and equipment?**

Where the organisation provides the facilities and equipment required by the individual to carry out their job, they will more likely be an employee. A self-employed individual provides their own equipment and materials in order to perform the services.

#### **10. Who is responsible for payment of tax and NIC? How do the parties 'label' the relationship?**

In the case of an employee, the organisation operates PAYE and deducts income tax and NIC on their earnings at source. A self-employed individual is registered as self-employed and responsible for payment of their own income tax and NIC on their earnings. How the parties categorise the individual may be a relevant consideration, but it will not in itself be decisive.

### **OFF-PAYROLL PAYMENTS & EMPLOYMENT STATUS**

- From April 2017 there are changes due to the IR35 Legislation that affect how we engage individuals using an intermediary such as their own Limited Company. Traditionally these individuals have been paid off-payroll.

These legislative changes move responsibility for calculating, collecting and paying PAYE and National Insurance to the engager rather than the Limited Company.

- However, these changes have been accompanied by a review of what HMRC describes as “false self-employment” and HMRC has indicated they will be looking at **ALL** off-payroll engagements much more closely in future.

As a result, our process has had to be tightened to ensure we get the nature of these engagements correct as the consequences of abetting “false self-employment” could potentially prove to be very expensive for Wirral Council.

These changes are as follows:

### **1. Lone Trader Operating Under Own Name**

The first two checks must be:

- **Is the individual paid via the Wirral Council payroll in any other capacity?**

If the answer is “yes” then any additional work **MUST** also be paid through the payroll against the existing payroll number. The resulting aggregation of earnings is a statutory requirement.

If the answer is “no”, progress to the next step.

- **Does the individual have a 10 Digit Unique Tax Reference (UTR)?**

When registering with HMRC as Self Employed, the individual is **ALWAYS** given a 10 digit UTR. If considering employing an individual on a Self-Employment basis it is imperative that you request their UTR.

If the individual provides a UTR in the correct format (10 digits, all numeric) then you can progress to the next step.

If the individual provides a UTR in any other format it is almost certainly their tax reference when last employed. They are **NOT** self-employed and must be paid through the payroll.

If the individual fails to provide a UTR then they are **NOT** self-employed and cannot be paid as such. Whilst appreciating some of these engagements are short term, sporadic or even one-offs and the individual may decide not to provide their services, paying them without having seen their UTR is a mistake that could prove to be costly both financially and in terms of our current “Low Risk” HMRC compliance rating.

Such a payment would be deemed by HMRC to be contributing to the “black economy”. As such, it is illegal and will result in a demand for backdated taxes, interest and an automatic penalty.

These costs will be charged against the engager’s budget.

### **The Next Stage**

If an engagement has successfully negotiated the first two stages, you must then look at the nature of the engagement itself.

There is no hard-and-fast statutory definition of self-employment. Instead, employment status determination relies on a mixture of HMRC guidance and precedents set by Case Law. It is a balancing act determined by looking at the factors such as the level of control the engager has over how the work is performed, supervision, provision of equipment, financial risk etc. and deciding where the employment status lies on balance.

From April 2017, Wirral Council **must** use the HMRC on-line Employment Status for Tax determination tool.

The link to this tool is

<https://www.tax.service.gov.uk/check-employment-status-for-tax/setup>

This tool is only useful if all questions are answered honestly but it will provide the HMRC employment status definition and **MUST** be either saved electronically or printed off and retained.

If the HMRC determination is employment then it can be used to explain to the individual why they can only be paid through the payroll.

If the HMRC determination is self-employment then a copy of this determination **MUST still** be retained as these are the cases HMRC will most be interested in. Gross payment will be processed via the Payments team.

It is essential that every off-payroll engagement has this supporting documentation held centrally and readily available for a HMRC review.

## **2. Lone Trader Operating as their own Company**

Complete the HMRC on-line test from our perspective as the end client and the provider being either a limited company or partnership.

**Again, the test is located at:-**

<https://www.tax.service.gov.uk/check-employment-status-for-tax/setup>

The three possible outcomes to the test are as follows, with guidance of how to proceed for each response:-

### **1. The intermediaries' legislation applies to this engagement**



This means that the worker is “deemed employed” so the invoice received from the worker must have tax and NI deducted before the invoice is paid.

- Inform the worker that IR35 legislation applies and they will be taxed on their invoice.
- If the worker does not have a supplier reference, request Corporate Payments to send a New Supplier form to the worker.  
Appendix A – Page 89
- Send the invoice, IR35 Status test result and the worker’s personal details (date of birth, address and national insurance number) to Payroll.
- The payroll team will calculate, deduct and forward the tax and NIC amount due to HMRC and then forward the invoice to the Payments team.
- The Payments team will then pay the net figure to the Company name stated on the invoice.

## **2. The intermediary’s legislation does not apply to this engagement**

- This means that the worker is NOT deemed as employed so the invoice received from the worker can be paid in full through the normal payment process (E-payments or cheque book for instance).
- Inform the individual that IR35 Legislation does not apply. No other action is required.

## **3. We are unable to determine the tax status of this engagement**

- Review your answers, but if it the result remains indeterminable contact the Principal Taxation Manager.

**Wirral Council**

**Corporate Debt Recovery Policy**

<b>Author</b>	<b>Title</b>
P McCann	Senior Manager Income Strategy & Policy
<b>Approved by Council</b>	
<b>Version</b>	<b>Review Date</b>
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## 1. Introduction

1.1 Wirral MBC has a duty to ensure cost effective billing, collection and recovery of all sums due to the Council. This is important to enable the Council to provide services and keep the council tax as low as possible.

1.2 Cost effective debt management is crucial to the success of any organisation. This policy will help the Council to support the maximisation of debt collection in an efficient, consistent and sensitive manner.

1.3 This document sets out the general principles Wirral MBC will apply to debt management across all services.

1.4 Each Annexe provides details of debt recovery procedures that are specific to each particular service.

1.5 This Policy does not cover any debts or recovery action relating to either the Merseyside Pension Fund or Parking Fines, which are both subject to separate recovery processes.

## 2. Policy Aims

2.1 The key aims of this policy are as follows:

- To ensure a professional and timely approach to recovery action.
- To maximise the levels of income collected by the Authority.
- To consider fully the debtor's circumstances and ability to pay and so attempt to distinguish between the debtor who won't pay and the debtor who genuinely can't pay.
- To treat individuals consistently and fairly regardless of age, gender, disability and sexual orientation.
- To promote a coordinated approach towards sharing debtor information and managing multiple debts owed to the Council.
- To balance the potential loss of income to Wirral MBC against the costs of recovery.
- To apply best practice to debt collection, identifying where appropriate any relevant support that may be required to those in debt to the council.
- Promote early personal contact across all debt streams, recognising the need to prevent debts escalating

- The recovery of debts from those who are receiving care and support is a sensitive issue given the potentially vulnerable nature of the client group and local authority's ultimate responsibility to meet needs.
- In dealing with the recovery of such debts the Council will give due consideration to the Care and Support Statutory Guidance issued by the Department of Health and Social Care with specific reference to Annexe D relating to the Recovery of Debts.

### **3. Policies Common to All Types of Debt**

3.1 Although the Annexes detail the individual recovery procedures employed by different teams the following is policy which applies to all debts administered by Wirral MBC.

3.2 Every demand for money will be correctly addressed to the person who is liable to pay it. The name on the demand will be that of a person or body possessing "legal personality" as far as possible based on the information available.

3.3 C/o address will not be used for an individual, unless there are exceptional circumstances which must be agreed by an Assistant Service Manager or equivalent.

3.4 The Council will attempt at all times to use the most appropriate and effective method of debt recovery in order to maximise income.

3.5 All invoices, reminders and final notices shall be issued immediately.

3.6 Officers will be able to intervene in the recovery cycle in appropriate circumstances to deal with hardship or dispute situations or where they are dealing with a vulnerable person. This includes the ability to make deferred payment arrangements where immediate payment is impossible due to lack of means.

3.7 Where the potential for a statutory benefit or discount exists in relation to the debt, efforts will be made to make the debtor aware of such opportunities and they will be encouraged to apply for these.

3.8 Prompt recovery action is key in managing debt and maximising income. The Wirral MBC therefore aims to:

- Regularly monitor the level and age of debt.
- Have clear written recovery procedures.
- Assess recovery methods to ensure maximum recovery.
- Regularly review irrecoverable debts, and those where recovery is not economic, and recommend for write-off.

3.9 Wirral MBC welcomes the involvement of welfare agencies in connection with debts due to the Council and recognises the benefits that these organisations can offer both the debtor and the Council in prioritising repayments to creditors and in maximising income available to the debtor.

3.10 Where legislation permits, Wirral MBC will seek to levy and recover from the debtor any and all costs and fees that are legitimately due from the debtor to the Authority or its agents.

3.11 Only in exceptional cases, where it would not be in the public interest to pursue costs or fees will they be waived.

3.12 All accounts that are written off will be written off against the income code against which they are raised.

#### **4. Principles of Enforcement (all debts)**

4.1 Wirral MBC will follow the principles outlined below.

- Action will be proportional in so far as it will allow for a balance to be struck between the potential loss to the Council, the cost of compliance and the circumstances of the debtor.
- Our approach will be consistent in relation to the advice it gives, and the recovery procedures used in cases of similar circumstances. In addition, Officers will take account of the circumstances of the debtor and their payment history.
- Any actions will be transparent to ensure that people understand what is expected from them and what they should expect from the Council.
- All action taken by the Council's Enforcement Agents will comply with the national Code of Practice for Enforcement Agents.

#### **5. Payment Arrangements**

5.1 Under normal circumstances all arrangements will require the debt to be paid within the current financial year.

5.2 The aim of any arrangements will be to recover the debt within the shortest time taking into account the circumstances of the individual debtor.

5.3 Under normal circumstance when the debt will not be cleared within the financial year then the debtor would be expected to complete and return a financial statement.

5.4 All arrangements will be confirmed in writing with the debtor.

5.5 Where an arrangement is broken the debtor will be contacted and given the chance to bring the arrangement up to date to avoid the arrangement being cancelled.

5.6 Under normal circumstances once an arrangement has been cancelled due to non payment no further arrangement will be agreed.

5.8 Under normal circumstances when the debt has been passed to the Enforcement Agent all discussions will then be direct between the debtor and Enforcement Agent. The council will only intervene in exceptional circumstances.

5.9 The Council adheres to the principles of the local Fair Debt Policy. In doing so, if the debtor has more than one debt with the Council but is unable to repay all of the debts at the same time, a fair debt arrangement may be offered. This means one payment arrangement will be set up to repay the total amount owed. If payments are maintained and the current years Council Tax bill is kept up to date, no further recovery action will be taken.

## **6. Reminders final notices and summonses**

6.1 Once issued reminders final notices, summonses and liability orders will normally only be withdrawn as follows

- If issued in error
- If crossed with a payment
- Authorised by an Assistant Service Manager or equivalent
- If debtor agrees to pay by Direct Debit and agree a payment plan

## **7. Costs**

7.1 The amount of costs is not negotiable. They will only be withdrawn in exceptional circumstances and only when authorised by a by a designated officer.

## **8. Bankruptcy**

8.1 In circumstances where other methods of recovery are considered inappropriate or have failed Wirral MBC may consider bankruptcy as the only alternative to recovering a debt. Such action would only be taken where it appears to be a fair and proportionate course of action to recover from a particular debtor. In such cases this will be authorised by an Assistant Service Manager or equivalent.

## **9. Charging orders**

9.1 In certain circumstances where other methods of recovery are considered inappropriate or have failed Wirral MBC may consider applying for a Charging Order as a means of recovery of a debt. Such action would only be taken where it appears to be a fair and proportionate course of action to recover from a particular debtor. In such cases this will be authorised by an Assistant Service Manager or equivalent.

## **10. Committal**

10.1 In certain circumstances where other methods of recovery are considered inappropriate or have failed Wirral MBC may consider applying to the Magistrates Court for a warrant of committal.

10.2 Such action would only be used as a very last resort. Due to the potential for imprisonment every other method of recovery will have been exhausted and the debtor's individual personal circumstances will have been considered prior to authorisation by an Assistant Service Manager or equivalent.

## **11. Offsetting of credits against Council debt**

11.1 Wirral MBC will adopt a corporate approach to refunding credits in that wherever possible checks will be made for other outstanding debts due to the Council, prior to a refund or payment being made.

11.2 Consultation and advice will be sought from legal services before any offset is invoked.

## **12. Review of Policy**

12.1 This Policy will be reviewed in light of any legislative changes, trends or other factors that may impact upon the effectiveness of the policy.

12.2 Minor amendments that do affect the overall intention of the policy may be authorised following agreement between the Director of Finance and the Cabinet Member for Finance & Resources.

## **13. Data Sharing and Privacy Statement**

13.1 Please visit our website on the following link for additional information:

[wirral.gov.uk/about-council/freedom-information-and-data-protection/privacy-notice](http://wirral.gov.uk/about-council/freedom-information-and-data-protection/privacy-notice)

## **14. Complaints**

14.1 At Wirral Council, we want to give you the best possible service. The following link, however, gives information about our complaints process.

[wirral.gov.uk/about-council/complaints-compliments-and-feedback/complain-or-give-compliment-wirral-council](http://wirral.gov.uk/about-council/complaints-compliments-and-feedback/complain-or-give-compliment-wirral-council)



## **Annexe A Council Tax Policy**

### **1. Introduction**

1.1 Council Tax is a tax levied on all eligible domestic dwellings as laid down by the Local Government Finance Act 1992. The amount of Council Tax levied is dependent on the Council Tax band that the property falls into and the amount of tax to be raised.

1.2 The full rate of tax is liable to be paid unless the property, owner or occupier is eligible for a reduction or exemption e.g. Council Tax Reduction or Single Person Discount

1.3 Council Tax is payable in line with a statutory instalment scheme or by agreement. There is a legal duty placed on the Council and its Officers to collect outstanding debts in accordance with the Council Tax (Administration and Enforcement) Regulations 1992

### **2 Issue of Bill**

2.1 People who are liable for Council tax will be sent a bill, normally at the beginning of the financial year or when they actually become liable for the Council Tax if during the financial year. Amended bills are sent during the year from accounts where a change has been made, e.g. liability change, entitlement to Council Tax reduction.

2.2 The Bill will

- State the amount of Council Tax that is due
- Ways in which to pay the Bill
- Schedule of payments due
- Advice on what to do if people need help in paying the bill

### **3. Issue of Reminder/Final Notice**

3.1 Where payment has not been received on an instalment date then a reminder notice is issued.

3.2 The amount demanded must then be paid within 7 days of the date of the reminder notice.

3.3 Where no payment is received, and no contact made a second reminder will be issued within a further 7 days and the customer will lose their right to pay by instalments.

3.4 Where no payment is received and no contact made, a complaint will be made to the Magistrates' Court and a summons issued.

3.5 Where no payment is received, and no contact made by the court hearing date an application is made to the Magistrates for a Liability Order.

3.6 At every opportunity during the recovery process, we will encourage the customer to contact and engage with us to discuss and make a suitable payment arrangement and to avoid further recovery action which may include referral to an Enforcement Agent. This includes clearly warning customers at an early stage that further recovery action may be taken, and additional costs incurred if they do not come to an earlier payment arrangement and subsequently maintain that arrangement.

#### **4 Issue of Summons**

4.1 If the debt is not paid or a satisfactory arrangement made then a summons is issued to the taxpayer advising them of an application to the Magistrates Court for a liability order. A court hearing date is given when the liability order will be applied for at the Magistrates Court. The issue of the summons incurs additional costs, and these are determined by the Council in agreement with the magistrates' court annually.

4.2 Taxpayer's are encouraged to contact the Council to make arrangements for repaying the amount owed. An arrangement to be paid by the end of the financial year is offered on the Summons documentation, requesting the Council Tax payer to make contact to confirm that they wish to accept the arrangement offered prior to the Court Hearing Date.

4.3 The summons will always be issued with a minimum clear fourteen days between issue and the court hearing date

#### **5. Granting of Liability Order**

5.1 If full payment is not received prior to the court hearing the Council will continue to apply to the Magistrates to issue a Liability Order.

5.2 The Liability Order will include the amount outstanding plus costs which are agreed between the Council and the Magistrates Court annually.

5.3 At the court hearing, the Magistrates must be satisfied that we have followed the correct procedures. These are: sending a bill; reminder; and summons to your property, or your last known address. We must also confirm that the Council Tax payer is liable to pay Council Tax and that the debt is outstanding. If the Magistrates' Court is satisfied with the evidence we present, they grant a liability order.

5.4 Once a liability order is obtained the recovery options available to the Council are as follows:

#### **6. Agreements**

6.1 If the customer has entered into an arrangement to repay the debt with the Council then no further action will be taken unless they default on the agreement. If an arrangement is defaulted on then the debt will be passed directly to the Council's appointed Enforcement Agents, or an attachment of earnings or benefit.

## **7. Attachment to Earnings**

7.1 Action may be taken by means of an Attachment to Earnings where the debtor is in employment.

7.2 A copy of the order is sent to the debtor and their employer and the employer must comply with the order by making deductions in accordance within the percentages laid down in tables within the schedule to the regulations

7.3 Where a deduction is made the employer may deduct an additional £1 per deduction in respect of an administration fee this will be met from the debtor's wages/salary.

## **8. Attachment to Benefit**

8.1 Where a liability order has been obtained and a debtor receives Income Support / Job Seekers Allowance / Pension Credit or Employment & Support Allowance/ Universal Credit the Council may apply to the Secretary of State for deductions to be made to secure payment.

8.2 Deductions are requested for the whole amount outstanding including costs incurred in obtaining the Liability Order.

## **9. Attachment to Members Allowances**

9.1 The Council can apply for an attachment to a member's allowance. The application is made to the Authority to which the debtor is an elected member. The order shall remain in force until the debt is discharged.

## **10.0 Post Liability Notification**

10.1 If no response is received from the taxpayer a further post liability order notification will be sent to them requesting full income and expenditure details together with and an offer for clearing the debt.

10.2 If no response is received within 14 days the account would progress to the Enforcement Agent stage outlined below.

## **11.0 Enforcement Agents**

11.1 After the Liability Court hearing if a suitable arrangement has not been entered into then the debt will be passed to the Councils appointed Enforcement Agent. The Enforcement Agent will add additional costs as defined in legislation.

11.2 On receipt of the case the EA will issue a letter giving the taxpayers 14 days to contact them.

11.3 All contact regarding the debt should now be directly between the taxpayer and the EA.

11.4 Where a taxpayer makes contact with the council within the 14-day period, there is discretion to accept payment in full including all costs incurred and to recall the liability order from the EA.

11.5 On contact from the customer the EA is able to make an arrangement to:

- Receive payment in full
- Receive payment in full within 3 months, backed by a Walking Possession (WP) agreement
- Receive payment in full within the existing financial year, backed by a WP agreement
- In cases where there are extenuating circumstances to make an arrangement for an extended period of time at the Company's discretion (backed by a WP agreement).

11.6 After the 14 days has elapsed, and no payments have been received or an arrangement made, the EA will carry out a visit.

11.7 The Enforcement Agent is then able to levy distress which is the seizure of goods of the debtor in order to settle outstanding debt plus costs incurred.

11.8 Further information about EA can be found at

[www.wirral.gov.uk/sites/default/files/all/Benefits/Council%20Tax/Council%20Tax%20information%20about%20Enforcement%20Agents.pdf](http://www.wirral.gov.uk/sites/default/files/all/Benefits/Council%20Tax/Council%20Tax%20information%20about%20Enforcement%20Agents.pdf)

## **12. Returns from the Enforcement Agent**

12.1 If the EA has been unsuccessful in the pursuing the debt the case will be returned back to the Council marked certificated.

12.2 At this point the Council Tax Recovery section will make an assessment as to the likelihood of any further recovery action being profitable.

12.3 It will carry out an assessment to ascertain the likelihood of success in any future recovery action, including the success of any trace exercise.

12.4 If it is deemed that this is unlikely then the case will be put forward for write off in line with Wirral MBC write off guidelines

### **13. Committal proceedings**

13.1 If it is deemed that there is likelihood of payment due to the circumstances of each individual then the case will be progressed to committal stage.

13.2 A pre committal letter will be sent to the Debtor who will be encouraged to contact the council to come to an arrangement for payment prior to the committal court.

13.3 If no contact is made a decision will be made by an Assistant Service Manager or equivalent regarding which cases should be referred to the Court.

13.4 The number referred to the Magistrates Court is governed, in part, by the number of cases that can be heard at any one session.

13.5 A series of final filters will then be applied to the case to ensure that the any case deemed to be inappropriate due for example due to household composition will be removed.

13.6 Wirral MBC will adhere to the decision of the Magistrate which will include

- commit the debtor to prison for a maximum of 90 days
- commit the debtor to prison for a maximum of 90 days and suspend the sentence for them to pay an amount as determined by the magistrates
- dismiss the case and allow the debtor to make arrangements to pay, directly with the council
- determine that the arrears should not be paid
- adjourn the case.

13.7 Any case which has been through the above process and is deemed not to be cost effective to recover, or cases where there are insufficient court slots for the case to be heard or where the magistrate determines that the arrears should not be paid will follow the normal write off procedure.

## **ANNEXE B National Non-Domestic Rate Policy**

### **1. Introduction**

1.1 Non-domestic rates are a tax levied on eligible business properties. The amount of non-domestic rates is dependent on the rateable value of the property and the nationally set rating multiplier.

1.2 The full rate of tax is liable to be paid unless the property is eligible for a reduction or exemption. For example, charitable relief.

1.3 Non-domestic rates are payable in line with a statutory instalment scheme or by agreement. There is a legal duty placed on the Council and its Officers to collect outstanding debts in accordance with the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 (as amended).

### **2. Issue of Bill**

2.1 People who are liable for business rates will be sent a bill, normally at the beginning of the financial year or when they actually become liable for business Rates if during the financial year.

2.2 The Bill will

- State the amount of business rates council tax that is due
- Ways in which to pay the Bill
- Schedule of payments due
- Advice on what to do if people need help in paying the bill.

### **3. Issue of Reminder/Final Notice**

3.1 Where payment has not been received on an instalment date then a reminder notice is issued.

3.2 The amount demanded must then be paid within 7 days of the date of the reminder notice.

3.3 Where no payment is received, and no contact made a second reminder will be issued within a further 7 days and the customer will lose their right to pay by instalments

3.4 Where no payment is received, and no contact made an application is made to the Magistrates for a Liability Order.

## **4. Issue of Summons**

4.1 If the debt is not paid or a satisfactory arrangement made then a summons is issued to the taxpayer advising them of an application to the Magistrates Court for a liability order.

4.2 A court hearing date is given when the liability order will be applied for at the Magistrates Court. The issue of the summons incurs additional costs, and these are determined by the Council in agreement with the magistrates' court annually.

4.3 Taxpayer's are encouraged to contact the Council to make arrangements for repaying the amount owed.

## **5. Granting of Liability Order**

5.1 If full payment is not received prior to the court hearing the Council will continue to apply to the Magistrates to issue a Liability Order.

5.2 The Liability Order will include the amount outstanding plus costs which are agreed between the Council and the Magistrates Court annually.

5.3 Once a liability order is obtained the recovery options available to the Council are as follows:

## **6. Agreements**

6.1 If the customer has entered into an arrangement to repay the debt with the Council then no further action will be taken unless they default on the agreement. If an arrangement is defaulted on then the debt will be passed directly to the Councils appointed Enforcement Agents.

## **7. Enforcement Agents (EA)**

7.1 After the liability court hearing if a suitable arrangement has not been entered into then the debt will be passed to the Councils appointed Enforcement Agents. The Enforcement Agent will add additional costs.

7.2 On receipt of the case the Councils appointed EA will issue a letter giving the taxpayers 14 days to contact them.

7.3 All contact regarding the debt should now be directly between the taxpayer and the EA.

7.4 Where a taxpayer makes contact with the council within the 14-day period, there is discretion to accept payment in full including all costs incurred and to recall the liability order from the EA.

7.5 On contact from the customer the EA is able to make an arrangement to:

- Receive payment in full
- Receive payment in full within 3 months, backed by a Walking Possession (WP) agreement
- Receive payment in full within the existing financial year, backed by a WP agreement

7.6 After the 14 days has elapsed, and no payments have been received or an arrangement made, the EA will carry out a visit.

7.7 The EA is then able to levy distress which is the seizure of goods and chattels of the debtor in order to settle outstanding debt plus costs incurred.

## **8. Returns from the Enforcement Agent (EA)**

8.1 If the EA has been unsuccessful in the pursuing the debt the case will be returned to the Council marked certificated.

8.2 At this point the Business Rates section will make an assessment as to the likelihood of any further recovery action being profitable.

8.3 It will carry out an assessment to ascertain the likelihood of success in any future recovery action, including the success of any trace exercise.

8.4 If it deemed that this is unlikely then the case will be put forward for write off in line with Council write off guidelines

## **9. Committal proceedings**

9.1 If it is deemed that there is likelihood of payment due to the circumstances of each individual then the case will be progressed to committal stage.

9.2 A pre committal letter will be sent to the Debtor who will be encouraged to contact the council to come to an arrangement for payment prior to the committal court.

9.3 If no contact is made a decision will be made by an Assistant Service Manager or equivalent regarding which cases should be referred to the Court.

9.4 The number referred to the Magistrates Court is governed, in part, by the number of cases that can be heard at any one session.



9.5 A series of final filters will then be applied to the case to ensure that the any case deemed to be inappropriate due for example due to household composition will be removed.

9.6 Wirral MBC will adhere to the decision of the Magistrate which will include

- commit the debtor to prison for a maximum of 90 days
- commit the debtor to prison for a maximum of 90 days and suspend the sentence for them to pay an amount as determined by the magistrates
- dismiss the case and allow the debtor to make arrangements to pay, directly with the council
- determine that the arrears should not be paid
- adjourn the case.

9.7 Any case which has been through the above process and is deemed not to be cost effective to recover, or cases where there are insufficient court slots for the case to be heard or where the magistrate determines that the arrears should not be paid will follow the normal write off procedure.

## **Annexe C Debtors**

### **1. Introduction**

1.1 Wirral MBC raises debtor invoices for a whole range of services. To aid recovery the following should always occur when raising a debt.

- Full names contact addresses and telephone numbers will be established wherever possible prior to a service provision or billing.
- Service providers must endeavour to obtain payment in advance or at the time of service delivery wherever permissible and must ensure that they have adequate controls in place to limit the amount of debt that arises. Debtor invoices should only be raised where payment in advance for a service is inappropriate.
- When dealing with companies, local authorities etc, it is important to obtain the contact details of the person and department who will be arranging payment of the invoice.
- Legal proceedings cannot be issued on 'care of' addresses, and so should be avoided wherever possible.
- All Council bills and invoices will be raised as soon as possible, but no later than 5 working days from the delivery of the goods supplied or the services provided.
- The invoices will include clear, relevant and full information as to
  - What the invoice is for
  - When payment is due
  - How to pay
  - How to contact us if there is a query in relation to the invoice or on relation to making a payment.

1.2 Debtors will be encouraged to make prompt contact if they disagree with an invoice or have difficulty in making payment. Contact can be made by:

- Telephone
- Letter
- Email
- In person at any Council Office

1.3 Any problems and invoice discrepancies will be resolved or responded to within 10 working days to prevent unnecessary delays in payment.

1.4 From time to time debtor invoices are disputed and if this occurs, they will be referred back to the originating department for resolution.

1.5 If it is found that the debtor has the ability to pay, but refuses to pay, then recovery action will continue promptly.

1.6 Reminders will be issued 14 days after the invoice was raised if any of the debt remains, unless a payment plan has been agreed. During the period of the first reminder and the second reminder being issued, a member of the service team will contact the debtor by phone to seek payment of the outstanding debt or to establish if the debtor is experiencing difficulty paying the invoice.

1.7 The Aged Debt report is produced on 1st of each month and is sent to the relevant Service Managers.

1.9 Where outstanding accounts relate to the supply of goods/services, no further goods/services should be supplied until the overdue account is cleared.

1.10 If the Debt remains unpaid after 42 days the Collection and Recovery team will undertake a full review of the debtor's financial situation and will make contact with the debtor in order to make an arrangement for repayment. This will include requesting Income and Expenditure forms to be completed when repayment has been offered if it would require over 6 months to discharge in full.

1.11 If the debtor has ignored the attempt to make an arrangement and holds no asset whilst also being unemployed, the debt will be referred to the Councils appointed Enforcement Agents.

## **2.00 Enforcement Agents (EA)**

2.1 On receipt of the case the Councils appointed EA will issue a letter giving the taxpayers 14 days to contact them.

2.2 All contact regarding the debt should now be directly between the taxpayer and the EA.

2.3 Where a taxpayer makes contact with the council within the 14-day period, there is discretion to accept payment in full including all costs incurred.

2.4 On contact from the customer the EA is able to make an arrangement to:

- Receive payment in full
- Receive payment in full within 3 months, backed by a Walking Possession (WP) agreement
- Receive payment in full within the existing financial year, backed by a WP agreement

2.5 After the 14 days has elapsed, and no payments have been received or an arrangement made, the EA will carry out a visit.

2.6 The EA is then able to levy distress which is the seizure of goods and chattels of the debtor in order to settle outstanding debt plus costs incurred.

### **3. Returns from the Enforcement Agent (EA)**

3.1 If the EA has been unsuccessful in the pursuing the debt the case will be returned to the Council marked certificated.

3.2 At this point the Debt and Income Maximisation section will make an assessment as to the likelihood of any further recovery action being profitable.

3.3 It will carry out an assessment to ascertain the likelihood of success in any future recovery action, including the success of:

- any trace exercise.
- County Court action.
- the appropriateness of offering the debtor to apply to Land Registry for a Restriction to be applied to the property prior to Issuing Proceedings in County Court.

### **4.0 County Court**

#### **4.1 Enforcement Action in County Court**

- If the debt remains unpaid, if it considers it appropriate, the Authority may make a claim in County Court Money Claims Centre to Issue Proceedings against the debtor. If successful, the following are the potential recovery options available:
  - Attachment of Earnings
  - Order to Obtain information
  - Charge to be place on the property
  - Third Party Debtor Order
  - County Court Bailiff
  - If over £600 refer matter to the High Court

Any case which has been through the above process and is deemed not to be cost effective to recover will follow the normal write off procedure.

## **Annex D Housing Benefit overpayments**

### **Introduction**

1.1 Housing benefit is a regular council payment to help people pay their rent when they are on a low income or claiming benefits. It helps pay for rent and some types of service charges. It doesn't help with water charges, care costs or most heating charges.

1.2 When Housing Benefit is overpaid an overpayment is created. The claimant will be advised by an overpayment letter being sent to them.

1.3 All overpayment letters will include:

- Explain what is overpaid and why
- Appropriate contact details
- Details of how to pay

1.4 Customers will be encouraged to make prompt contact if they disagree with the amount overpaid or have difficulty in making payment. Contact can be made by:

- Telephone
- Letter
- Email
- In person at any Council Office

1.5 Overpayments will be recovered by one of the following methods:

1.6 If the debtor is still in receipt of Housing Benefit payments, the Overpayment will be recovered direct from Housing Benefit by making weekly deductions direct from ongoing entitlement.

1.7 If the debtor is in work then deductions will be made by an application for deduction from their salary by their employer

1.8 If the debtor is in receipt of relevant benefits then a request can be made to the department of works and Pensions for weekly deductions.

1.9 The DWP standard rate for deductions (appropriate to the debt) will be deducted on a weekly basis.

1.10 Landlord or agent debt may be recovered from Housing Benefit paid to their other tenants and taken from the payment schedule.

1.11 If none of the above are appropriate then a Debtor invoices will be raised for the amount of the overpayment and the overpayment procedure for debtors as outlined above will be followed.

### **Annexe E Write off Procedure**

1.1 Wirral MBC recognises that where a debt is irrecoverable, prompt and regular write off of such debts is good practice.

1.2 The Council will seek to minimise the cost of write-offs to the local Council Taxpayers by having adequate controls in place to limit the amount of debt that arises and taking all necessary action to recover sums that become due. All debts will be subject to the full recovery, collection and legal procedures as outlined in this policy.

1.3 Irrecoverable debts will be referred to the Councils Section 151 Officer on a quarterly basis.

1.4 The Council will resurrect the debt if circumstances that resulted in write off alter.

1.5 Debts may be referred to the Section 151 Officer for write-off in the following circumstances:

- Debt remitted by a Magistrate.
- The Council has evidence to confirm the claimant is suffering a severe physical or mental illness which renders enforcement action inappropriate.
- The Council is unable to trace the debtor.
- The debt is not cost-effective to pursue due to small balance.
- The debt is not cost-effective to pursue due to the likelihood of payment balanced against the cost of proceedings.
- The claimant has died and there are no or insufficient funds in the estate to settle the debt.
- The claimant is subject to formal insolvency proceedings and there is little likelihood of a dividend.
- The debt is statute barred

1.6 It is crucial that old debts do not block the system of debt recovery and regular reviewing of debts must be carried out. For example, once a debt is greater than 6 months in age and those debts in respect of which collection is unrealistic should be resolved promptly.

1.7 The procedure for writing off of debts for each category is as follows as outlined in the Financial Regulations.

1.8 The schedule below outlines for each category of debt the level of recommendation for each value.

1.9 Each month the recommendation sheet for debts below £10,000 will be completed and sent electronically to the Section 151 Officer for authorisation. For debts over £10,000 the

recommendation sheet will be submitted on a quarterly basis and be reported to Members for authorisation as part of the Quarterly Monitoring Report.

Category	Value	Recommend Level 1	Recommend Level 2	Recommend Level 3	Authorised by	Frequency
Council Tax	Up to £50	Council Tax Officer	Assistant Service Manager or equivalent	Head of Customer Services	Section 151 Officer	Monthly
Council Tax	£50-£10,000	Assistant Service Manager or equivalent	Head of Customer Services	N/A	Section 151 Officer	Monthly
Council Tax	Over £10,000	Assistant Service Manager or equivalent	Head of Customer Services	Section 151 Officer	Policy and Resources Committee	Quarterly
Housing Benefit	Up to £50	Council Tax Officer	Assistant Service Manager or equivalent	Head of Customer Services	Section 151 Officer	Monthly
Housing Benefit	£50-£10,000	Assistant Service Manager or equivalent	Head of Customer Services	N/A	Section 151 Officer	Monthly
Housing Benefit	Over £10,000	Assistant Service Manager or equivalent	Head of Customer Services	Section 151 Officer	Policy and Resources Committee	Quarterly
Business Rates	Up to £10,000	Business Rates Officer	Assistant Service Manager or equivalent	Head of Customer Services	Section 151 Officer	Quarterly
Business Rates	Over £10,000	Business Rates Officer	Assistant Service Manager or equivalent/Head of Customer Services	Section 151 Officer	Policy and Resources Committee	Quarterly
Debtors	Up to £10,000	Budget Holder	Debt & Income Maximisation Manager	Head of Customer Services	Section 151 Officer	Monthly
Debtors	Over £10,000	Budget Holder	Debt & Income Maximisation	Section 151 Officer	Policy and Resources	Quarterly

			Manager/ Head of Customer Services		Committee	
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