



SUMMONS TO ATTEND COUNCIL MEETING

Monday, 28 February 2011 at 7.00 pm
Council Chamber, Brent Town Hall, Forty Lane,
Wembley, HA9 9HD

To the Mayor and Councillors of the London Borough of Brent and to each and every one of them.

I hereby summon you to attend the MEETING OF THE COUNCIL of this Borough.

GARETH DANIEL
Chief Executive

Dated: Friday, 18 February 2011

For further information contact: Peter Goss, Democratic Services Manager
020 8937 1351, peter.goss@brent.gov.uk

For electronic copies of minutes, reports and agendas, and to be alerted when the minutes of this meeting have been published visit:

www.brent.gov.uk/committees

The press and public are welcome to attend this meeting

Agenda

Apologies for absence

| Item | Page |
|--|---|
| 1 Minutes of the previous meeting | 1 - 14 |
| 2 Declarations of personal and prejudicial interests | |
| Members are invited to declare at this stage of the meeting, any relevant financial or other interest in the items on this agenda. | |
| 3 Mayor's announcements | |
| 4 Appointments to committees and outside bodies and appointment of chairs/vice chairs (if any) | |
| 5 The 2011/12 Budget and Council Tax | |
| Report from the Director of Finance and Corporate Services circulated separately. | |
| Ward Affected: All Wards; | Contact Officer: Clive Heaphy, Director of Finance and Corporate Services Tel: 020 8937 1424 clive.heaphy@brent.gov.uk |
| 6 Changes to the Council's Financial Regulations | 15 - 74 |
| Report from the Director of Finance and Corporate Services attached. | |
| Ward Affected: All Wards; | Contact Officer: Clive Heaphy, Director of Finance and Corporate Services Tel: 020 8937 1424 clive.heaphy@brent.gov.uk |
| 7 By election result | 75 - 76 |
| Ward Affected: Kenton; | Contact Officer: Gareth Daniel, Chief Executive Tel: 020 8937 1007 gareth.daniel@brent.gov.uk |
| 8 Motions | |

To debate any motions submitted in accordance with standing order 45.

9 Urgent business

At the discretion of the Mayor to consider any urgent business.



- Please remember to **SWITCH OFF** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public.
 - Toilets are available on the second floor.
 - Catering facilities can be found on the first floor near The Paul Daisley Hall.
 - A public telephone is located in the foyer on the ground floor, opposite the Porters' Lodge

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LONDON BOROUGH OF BRENT

Minutes of the ORDINARY MEETING OF THE COUNCIL
held on Monday, 24 January 2011 at 7.00 pm

PRESENT:

The Worshipful the Mayor
Councillor Harbhajan Singh

The Deputy Mayor
Absent

COUNCILLORS:

| | |
|-------------|----------|
| Aden | Adeyeye |
| Al-Ebadi | Allie |
| Arnold | Ashraf |
| Mrs Bacchus | Baker |
| Beck | Beckman |
| Beswick | Brown |
| Butt | Castle |
| Cheese | Chohan |
| S Choudhary | Colwill |
| Crane | Cummins |
| Daly | Denselow |
| Gladbaum | Green |
| Harrison | Hashmi |
| Hector | Hirani |
| Hunter | John |
| Jones | Kabir |
| Kataria | Leaman |
| Long | Lorber |
| Mashari | McLennan |
| Mistry | J Moher |
| R Moher | Moloney |
| Naheerathan | Ogunro |
| Oladapo | CJ Patel |
| HB Patel | HM Patel |
| Powney | Ms Shaw |
| Sheth | Thomas |
| Van Kalwala | |

Apologies for absence

Apologies were received from: Councillors A Choudry, Clues, Hossain, Matthews, Mitchell Murray, BM Patel, RS Patel and Sneddon

1. **Minutes of the previous meeting**

RESOLVED:-

that the minutes of the previous meeting held on 22 November 2010 be approved as an accurate record of the meeting.

2. **Declarations of personal and prejudicial interests**

Councillor Powney declared an interest in item 5 by virtue of being a member of the West London Waste Authority.

3. **Mayor's announcements**

The Mayor reported with sadness that since the last Full Council meeting the borough's longest serving councillor, Arthur Steel had passed away in St Luke's hospice on 1 January 2011. The Mayor welcomed Mrs Alda Steel and other members of Arthur Steel's family, who were present at the meeting and offered the Council's condolences during a difficult time for them.

The Mayor also reported with sadness that Mr Ray Lorenzato passed away in November last year after over 15 years association with the Council. He had served as a co-opted member representing the Roman Catholic faith on various education related council committees.

The Mayor was sorry to further announce the death of Jayaben Desai in December 2010. Ms Desai was a local resident and a fearless campaigner who was renowned for her role in the Grunwick dispute during the 1970s.

The Mayor was pleased to announce that the Council's entry in the New Year's Day Parade had won 2nd place winning £6,000 towards his charity appeal. He thanked Eileen Sabur who organised the float and all those who took the time to participate and attend the parade which had been a huge success in its 25th year.

The Mayor drew attention to the list of current petitions showing progress on dealing with them which had been circulated around the chamber.

The Council stood in silence for one minute in memory of Arthur Steel.

Members of the Council paid tribute to the life and work of Arthur Steel.

4. **Appointments to committees and outside bodies and appointment of chairs/vice chairs**

RESOLVED:-

that the following appointments be made:

| Committee/body | appointment |
|---|---|
| Planning Committee | Councillor Gladbaum as second alternate to Councillor RS Patel in place of Councillor Kataria |
| | Councillor Mitchell Murray as first alternate to Councillor Sheth in place of Councillor Mistry |
| | Councillor R Moher as second alternate to Councillor Sheth in place of Councillor Mitchell Murray |
| | Councillor HM Patel as first alternate to Councillor Baker Councillor HB Patel as second alternate to Councillor Baker in place of Councillor HM Patel |
| Children and Young People Overview and Scrutiny Committee | Mrs Shabna Abbasi as co-opted member representing primary parent governors Mrs Hawra Imame as cop-opted member representing the Muslim faith |
| Call-in Overview and Scrutiny Committee | Councillor Gladbaum in place of Councillor Mistry |
| | Councillor Harrison as first alternate to Councillor Bacchus in place of Councillor Van Kalwala |
| Employees Joint Consultative Committee | Councillor BM Patel as second alternate to Councillor Colwill |
| School Admission Forum | Councillor HM Patel as first alternate to Councillor Colwill |
| Brent Housing Partnership | Councillor Colwill |

5. **Procedural motion**

Councillor Moloney moved a procedural motion proposing a change in the order of business.

RESOLVED:-

that the order of business listed on the summons be amended to allow for Item 8 - Discussion on the new civic centre - to be brought forward as the next item for discussion, after which the order shall be as listed on the summons.

6. **Debate - Civic Centre Project**

The Mayor welcomed representatives of Skanska to the meeting. Representing the Skanska civic centre project team were John Crawley (Operations Director), Bill Brock (Project Director), James McKenzie-Boyle (Community Liaison) and David Selby (Hopkins Architects).

John Crawley opened the presentation by outlining the aspirations for the civic centre project. The aim was to provide a new civic headquarters that would be at the centre of the community and a beacon of sustainability. It was intended that it would be the first public building to achieve an outstanding BREEAM rating. It was explained later in the discussion that BREEAM stood for Building Research Establishment Environmental Assessment Method and was the leading and most widely used environmental assessment method used to measure the sustainability of new non-domestic buildings in the UK. The project would also seek to promote the diversity of the borough and blur the boundaries between the public and private space. John Crawley gave a brief introduction to Skanska the company, including reference to its vision to be the leading green project developer and contractor. Bill Brock named the rest of the civic centre project team. He then provided an overview of the scheme. The building would comprise nine storeys, set over 2.5 hectares. The project had a planned duration of 108 weeks with handover due in December 2012. Occupation was planned for mid 2013 and would accommodate up to 2000 staff and councillors. The public area functions of the building would include a multipurpose foyer with exhibition space, meeting and conference rooms, a state of the art library and resource centre and the registrar's service. The democratic function would be served by mayoral and members' accommodation, a multi functional civic hall and committee rooms. The Council's administrative functions would be served by providing flexible office space, meeting rooms, a training suite and breakout space. Bill Brock outlined the key stages of the project, beginning with the ground breaking ceremony to be held on 26 January 2011. James McKenzie-Boyle presented the company's community action plan which included opportunities for local business and local employment, training initiatives and engagement with schools and voluntary projects. This activity would be undertaken working with the Council's Regeneration and Major Projects Department. There was a Brent business event planned for 15 February to which over 400 local companies had been invited. Members then viewed a computer generated presentation of how the construction of the civic centre might look.

Councillor John responded to the presentation on behalf of the Executive and the Council. She thanked the representatives from Skanska for their presentation and particularly the presentation of the construction. She stated that there were many buildings of special interest in the borough and it was certain that the new civic centre would be another one. Councillor John reported that she had attended most of the area consultative forums at which the Council's budget was discussed and the same question was asked at all of them regarding how the Council could afford to build a new civic centre when it was having to find savings on such a large scale. However the question was easy to answer because it was a cost saving project. Councillor John was pleased that the project had all party support but expressed surprise that the Green Party did not support it given the environmental credentials associated with it.

The Mayor invited members to comment or ask questions. He explained that any questions that were not answered at the meeting would be answered in writing after the meeting. Councillor Allie asked what the difference was between a library and a resource centre. Councillor HB Patel referred to the budgetary savings of £36M being sought and wondered what efficiencies were being made on the project. Councillor Thomas referred to apprenticeship schemes associated with many large projects and hoped the civic centre project would provide the scope to work with the Council to give young people opportunities. Councillor Al-Ebadi added that special

skills were needed to contribute to the project and the borough had a high level of unemployment. He wondered how local people could be trained in the short timescale available to be able to take up some of these jobs. Councillor Lorber stated that the project had spanned three administrations and that when he was Leader of the Council he had set the challenge of making it the most environmentally friendly building possible and he felt this would be achieved. He also agreed that the building would be cost effective. The new civic centre was an important element in improving the way the Council conducted business and was key to the One Council programme. He added that it was a challenge to convince people of the business case behind building the civic centre.

James McKenzie-Boyle explained that there had already been meetings with the Council, Brent in2 Work and the College of North West London in order to ensure the project would offer opportunities for locally trained people. Aktar Choudhury (Assistant Director - Civic Centre programme) responded that the business case for the civic centre had got stronger with the procurement of the building coming in at less than budgeted for. He stated there would be £2.6m in efficiency savings and £2.4m savings achieved by moving out of inefficient existing properties. An explanation had been given by the Skanska team of how the project would provide local jobs and further details could be sent to any members who wanted it. He was pleased to say that the project remained ahead of schedule.

The Mayor thanked the representatives of Skanska for their presentation and Aktar Choudhury for his contribution.

7. Report from the Leader or members of the Executive

Comprehensive Spending Review

Councillor John stated that when Labour was in opposition on the Council, the administration often claimed it did not have enough to spend but now the Council had received the worst ever financial settlement from the Government. Despite this £40m had been gained by joining with Sarah Teather, MP in making representations to the Secretary of State for Education for continued funding of the Crest academies.

Libraries consultation

Councillor Powney pointed out that the Council's consultation on the Libraries Transformation Project would extend to 4 March after which the results would be reported to the Executive on 11 April 2011.

Area Consultative Forums

Councillor Jones reported that people were attending the current round of forums in large numbers to hear from the Leader of the Council about the cuts faced by the Council. Many had expressed their shock at the scale of the cuts to the Council's budget.

Adult social care review

Councillor R Moher reported that the Executive had recently noted the outcome of the Care Quality Commission's visit which had found the Council's adult social care services continuing to provide an improving service despite the challenges it faced.

Household waste collection consultation

Councillor Powney reported that consultation on the Council's household waste collection strategy had now been completed and the Executive had agreed to implement the strategy largely unchanged which he expected would not only achieve substantial savings but also lead to an improved service.

Quintain 'North West Lands – Wembley' planning application

Councillor Crane invited members to join him in welcoming the news that a planning application had been submitted for the 'North West Lands' covering approximately 14 acres and including 1300 new residencies, 30 shops, a new road, a car park for 800 cars and new open space. It was anticipated that in partnership with Wembley Works, this would lead to the provision of many new jobs. Councillor Crane added that the proposals were in accordance with the Wembley Master Plan, would provide additional much needed housing and enhance the area to be occupied by the new civic centre.

8. Questions from the Opposition and other Non Executive Members

Councillor Brown asked why the Executive considered it acceptable to charge pensioners, those on benefits and everyone else £95 to deal with the problem of rats, while spending £400,000 a year removing the bulky waste charge of just £25 which was only ever paid by those who could afford to, with pensioners and those on benefits getting it free. Councillor Powney replied that the financial position facing the Council meant that it was forced to raise charges. He added that very often the Council was called upon to deal with a rat problem when in fact it was mice and so there was also an operational reason for making the charge. Councillor Powney stated that the charge of £25 for the removal of bulky waste led to more fly tipping and so was counterproductive. Councillor Brown responded that it was a disgrace that the Executive was not committed to cleaning up the borough as evidenced by the £12m savings being made from the street cleansing and waste collection services. He again questioned how the Executive could justify charging the less well off for dealing with the removal of rats.

Councillor Lorber asked if the Executive would support the campaign to save Kensal Rise library. Councillor Powney replied that it would be wrong to speculate on the future of the library before the public consultation was completed. The Executive in April would be making a decision. Councillor Lorber referred to a document produced by consultants in 2004 advising the then Labour administration on the closure of libraries. He then referred to the refurbished libraries at Preston and Neasden which were now faced with closure. Councillor Lorber claimed that people were only talked to by the Council and were not allowed to comment. He contrasted this with the 2008/12 library strategy produced by the last administration which outlined a commitment to the library service. He added that the proposals were destroying the principle that libraries should be local facilities.

Councillor Colwill stated that he had asked for certain streets to be cleaned of the paan spitting residue only to be told that the Council had stopped using the machine that had been in operation to deal with this. He asked why this was when if anything the cleaning operation needed to be extended to street railings. Councillor Colwill also said that he had noticed many young people smoking in shisha bars which he claimed was equivalent to heavy cigarette smoking. Councillor John agreed that paan spitting was disgusting and noted that it was predominantly a male habit. She agreed it needed cleaning up and urged that people were asked to stop doing it. Regarding smoking in shisha bars, Councillor John replied that she was not aware of the degree to which it could be compared to cigarette smoking and suggested that overview and scrutiny might want to look into the issue.

Councillor Hunter stated that in the final draft of the Brent Placemaking Guide, due to be published in March, it said that it aimed to achieve a “safe, attractive, accessible and inclusive environment”. However she felt there were two sections which seemed to do the opposite. It said on page 33 that shared surfaces “embraces the principle of ambiguity by blurring the traditional division between pedestrians and vehicles”, and similarly on page 54 with reference to informal crossings. Councillor Hunter referred to the opposition from the RNIB and many other organisations to such shared spaces/informal crossings because of the dangers they posed for anyone with impaired vision. Councillor Hunter asked why these proposals had been included without any caveats or consideration of the evidence-based concerns expressed. Councillor Powney replied that the placemaking guide did indeed contain the sort of caveats referred to and mentioned the concerns expressed by groups representing people with disabilities. He explained that such an approach was a common design concept and there were examples of award winning schemes so it would be strange to exclude such approaches to street design. Councillor Hunter explained that the issue had been raised with her by a blind person. She referred to the design of Sloane Square which she felt showed an award winning scheme was not always right and expressed the hope that the Council would continue to consult over this issue.

Councillor Hirani asked if a risk assessment had been carried out on the potential need to provide additional school places for the children of families moving into the borough due to the housing benefit changes. Councillor Arnold replied that the notice of the change and its timing made it very difficult to make a meaningful projection of the potential pupil movement this might cause. She admitted to being very concerned about the issue because the proposed changes were so extreme and ill thought out. Nobody was able to predict the scale of the movement around London that the changes would cause. This would be in addition to an already existing shortage of school places. Large families would face particular issues and the fear was that Brent would become a destination borough for these families placing even more demand for school places. Councillor Hirani agreed that the proposals were ill thought out and referred to the impact they would also have on people’s ability to hold on to their jobs. He commended the work carried out by the Director of Housing and Community Care and his team in trying to prepare for the changes that were to take place.

Councillor McLennan asked if, given the imminent changes to housing benefit entitlement, details could be provided on the current number of households in Brent that would be impacted by the change and whether a cost impact assessment had

been carried out on potential numbers moving into the borough from neighbouring high rental cost boroughs such as Westminster and Kensington and Chelsea. Councillor Thomas replied that the changes were likely to have a disproportionate affect on London than on areas outside London. He outlined the estimated effect but warned the situation would change over time. Councillor Thomas stated that the changes had been instigated by Westminster and Kensington and Chelsea politicians. Councillor McLennan asked to be informed of when detailed figures were known.

Councillor Al-Ebadi asked how many units of social housing would be built within the Wembley regeneration area. Councillor Crane replied that this was a matter which officers were considering and offered to supply Councillor Al-Ebadi with this information. Councillor Al-Ebadi stated that the units currently available in the area were out of the reach of and, therefore, no good to local people.

Councillor Green asked why the Executive had decided to scrap the funding for the Navrati, Eid and St Patrick's Day festivals which were community festivals enjoyed by tens of thousands of Brent residents and organised mostly by the local community while retaining corporate events organised by the Council. Councillor Powney referred to the £37.5m savings having to be made by the Council and to the fact further savings would have to be made for the following two years. This would mean having to consult on further measures to reduce spending. In such circumstances all areas of spending had to be considered. Councillor Powney pointed out that a final decision had yet to be made on the festivals programme. Councillor Green submitted that the Council was safeguarding the events it organised at the expense of those organised by the local community.

Councillor Allie referred to repeated requests to the housing service for a list of the housing associations who have provided the Tenants Services Authority (TSA) with their local standard plans. He asked if the failure of the housing service to provide this information was symptomatic of the administration's failure to protect the housing rights and housing voice of residents of housing associations in Brent. Councillor Thomas replied that the TSA was to be abolished and therefore the focus had changed and there would be different requirements. There would be a move to greater self regulation by housing associations and a requirement for them to submit returns. Tenant representation at board level would ensure that tenants had a say within the new arrangements. Councillor Allie stated that the TSA still existed and that until it was abolished it continued to hold a regulatory role and local standard plans needed to be submitted. The least the housing service could do was to ask which housing associations had submitted their plans.

Councillor Mashari asked if, in light of the Government's devastating 28% cuts to local government which made it impossible for the Council to continue to provide all of its current services, would the Executive consider implementing formal mechanisms to allow for a structured and active approach to engaging with the voluntary and private sectors in order to facilitate the successful take-over of certain services. Councillor Butt replied that the Council was working with the voluntary sector to see what could be supported in light of the Council having to make such cuts. There were already volunteers working in some sectors to support local services. Councillor Butt referred to Local Enterprise Partnerships that were being created to play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. He

was also looking forward to what the forthcoming Localism Bill would have to help the Council in this regard. Councillor Mashari stressed her view that the Council should be willing to listen and engage with other providers to take over certain services facing closure. The administration needed to show it was trying to protect services by considering every possible alternative to closure.

9. Reports from the Chairs of Overview and Scrutiny Committees

Councillor Van Kalwala reported on the work of overview and scrutiny since the last meeting of Council. He stated that all the overview and scrutiny committees had met at least once since the last such report.

The Budget and Finance Overview and Scrutiny Committee had met twice and taken evidence on:

- The council's capital budget
- The projected impact on the council of changes to Housing Benefit
- The emerging draft budget
- Departmental overspends

One of the committee's main roles was to produce a report and recommendations based on the evidence it had received. The first stage of this report – the First Interim Report had been finalised and sent to Executive members with the aim of influencing the development of the draft budget. The report had also been sent to all members as a source of information. At its next meeting on 9 February 2011, the committee would receive the Executive's draft budget and all members of the Council were encouraged to attend. The committee would then send its views to the Executive's budget meeting.

Councillor Van Kalwala referred to the the last meeting the Health Partnership Overview and Scrutiny Committee which heard from the North West Hospital Trust on 'We Care' Patients experience programme – an initiative designed to ensure a positive patient experience. Following concerns raised at the committee's October meeting members received an update on Brent Community Services. As part of the update the Chief Executive of NHS Brent proposed a number of ideas aimed at dealing with these concerns. A report on the application for GP commissioning pathfinder status was also submitted. Although not successful in the first wave of applications the submission would be improved and resubmitted. The Fuel Poverty Task Group had completed its work and would be reporting to the next meeting of the Committee. The task group recommendations would focus on fuel poverty services in Brent, income maximisation, grant funding, energy efficiency and working with landlords.

The main focus of the One Council Overview and Scrutiny Committee's December meeting was to scrutinise the Direct Services Transformation project proposals prior to them being discussed by the Executive. Councillor Van Kalwala reported that a number of carers attended and were provided with an opportunity to address members. The committee's two recommendations were forwarded to the Executive, one of which was agreed. The committee had also received the Council's annual complaints report and an update on the Carbon Management Programme. This committee now regularly receives an update on the One Council Programme which provides outline information on each of the projects including

their status and timescales. This enables the committee to select projects to review in more depth. The car repair and spray painting task group had received evidence from Street Care and Environmental Health. It would be taking evidence from the Legal and Planning services and undertaking site visits in early February.

Councillor Van Kalwala informed members that the Children and Young People Overview and Scrutiny Committee spent some time focusing on the primary school expansion strategy. The discussion included information on pressure points, the cost on temporary school places and the use of the Basic Needs Safety Valve funding. The Council's responsibility for the 16-19 agenda, the national policy changes that have taken place since July 2010 and the new guidance on the role of local authorities were also reviewed. The committee has continued its interest in the Special Educational Needs One Council Project, which aimed to increase in borough provision, by reviewing the project concept paper. The task group on prevention of youth offending was focusing on the importance of early intervention and a whole-family approach in preventing offending. Having visited a Youth Inclusion Project hosted by Youth Offending Team staff in November, evidence-gathering from witnesses commenced in January, and had so far included contributions from relevant service managers within the Council and voluntary and community sector partners such as Brent Centre for Young People.

Finally, as chair of the Partnership and Place Overview and Scrutiny Committee, Councillor Van Kalwala was able to report that progress on the development of a Voluntary Sector Strategy was discussed at the last meeting. The committee also received a response to a number of issues raised relating to the voluntary sector at the One Community Many Voices scrutiny engagement event. The committee had received a presentation on the Local Economic Assessment and Members had identified issues around employment, skills and transport which the committee would be investigating further. An update on policing priorities, the work of the Crime Prevention Strategy Group and changes to Safer Neighbourhood Teams had been received. He stated that the committee's interest in the implication of how changes to national policy and funding are worked out locally would continue and the committee had received an update on the implementation of the Services for Women in and Exiting Prostitution task group.

10. **2010/11 Mid Year Treasury Management Report**

The 2009 CIPFA Revised Code of Practice for Treasury Management established that the Council should receive a mid-year report on treasury management activity as part of the effort to improve scrutiny and transparency and the report before Council provided this.

RESOLVED:

that the 2010 Treasury Mid Year report be noted.

11. **Motions**

Stonebridge and Strathcona Day Centres

Councillor HB Patel moved the motion circulated in his name which deplored the decision of the Executive to close Stonebridge and Strathcona Day Centres against

the wishes of the service users and carers. It asked that the Executive reconsider its decision and stop making excuses for closing adult social care day centres. Councillor Patel stated that despite the clear views expressed during the consultation exercise in support of retaining building based services the decision had been made on the basis of making improvements to the service when in fact it had been made to save money.

Councillor R Moher felt it was misleading to raise the item now as if the decision was a surprise when the matter had been under consideration for some three years. She stated that it was much better to offer direct personalised services that gave the users options than provide services at run down day centres. She accepted that some users would continue to need day centre care and this would be provided from suitable buildings and not run down premises that the Council could not afford to repair.

Councillor Hunter supported the motion. She felt that the people consulted had not been listened to. Whilst supporting the personalisation of services, she felt the day centres needed to be kept open longer in order to prepare people for the transition.

Following a vote the motion was declared LOST.

Protecting Supporting People funding

Councillor Allie moved the motion circulated in his name which welcomed the removal of ring fencing for much of the Council's funding, noted the important services that Supporting People funding provided and sought the Council's support in calling on the Executive to ensure that funding for Supporting People schemes was protected. He stated that such an assurance would demonstrate the Council's commitment to protecting the most vulnerable people in the borough. It would also reassure those housing associations who were unsure about the future and felt that most councils wanted to abolish supported people teams.

Councillor Thomas referred to the £37m of cuts the Council had to make. Although there was no suggestion that the Council was cutting the Supporting People budget it would have to look for savings to be made whilst continuing to provide the service. Councillor Thomas stated that at this stage he could give no guarantees.

Following a vote the motion was declared LOST.

Save Brent Libraries

Councillor Lorber moved the motion circulated in his name which sought to note that the Liberal Democrats in 2006 scrapped plans to close libraries, believed that a local library was an important community asset and calling on the Executive not to close six libraries.

Following a vote the motion was declared LOST.

Council funding

Councillor Butt moved the motion circulated in his name. He stated that the Government announcements meant that the council was going to have to make

£100m of cuts. He added that there would be painful decisions that would have to be taken but everything would be done to minimise the impact of the cuts on front line services. He also referred to the £85m the Council had lost by the abolition of the Building Schools for the Future programme and the £7m in year withdrawal of grant monies. He stated that despite this the indications were that the amount of Government borrowing was still rising and the Government had been forced to introduce rises in VAT and fares with the result that inflation continued to rise.

Councillor Lorber felt all councils were having to get through difficult times and referred to past cuts made to the health budgets. He said that the previous council administration had managed to freeze Council Tax and still improve services. He submitted it was time for the present administration to take responsibility for what needed to be done as a result of the incompetence of the previous government in managing the economy. He reminded council that the One Council programme had begun under the previous administration.

Councillor HB Patel stated that when the Conservatives were in control of the Council they had managed to reduce the Council Tax every year in contrast to when Labour were in control and increased it every year. He submitted that the present Government had done very well in recovering from the inefficiency of the last Government.

Following a vote the motion submitted was put to the vote and declared CARRIED.

RESOLVED:-

- (i) to note that prior to the last general election, both the Liberal Democrat and Conservative parties promised to protect front line services;
- (ii) that this Council regrets that this promise to residents of Brent has been broken, and notes that the Council delivers many of the cherished frontline services on which people rely; notes further that Government cuts to this Council's grant amount to 20% of the Council's budget over the next two years; that this level of cut shows the Government's determination to stop councils delivering the services currently on offer; that the politically motivated frontloading of cuts has worsened their impact on services and council employees; and that attempts by Government ministers to attack councils over their implementation of the cuts are as disingenuous as they are counterproductive;
- (iii) to further note that under the previous administration, this Council often heard the leadership bemoan the Government grant as inadequate, and regrets that the opposition have failed to secure a better deal for Brent from their own Government;
- (iv) that this Council resolves to manage the impact of Government cuts for the benefit of all Brent residents, and to focus in particular on protecting the most vulnerable in the community.

North West London Light Railway

Councillor Choudhary moved the motion circulated in his name.

Following a vote the motion submitted was put to the vote and declared CARRIED.

RESOLVED:-

- (i) to note that:
the North West London Light Railway is a proposal for the construction of a light rail system providing direct links from Brent Cross to Park Royal, Ealing Broadway and Finchley Road, via West Hampstead, and it would largely make use of existing freight lines or abandoned track beds.
- (ii) that Transport for London be called upon to look into the advantages and feasibility of the North West London Light Railway and to engage in discussions with the London Boroughs of Barnet, Brent, Camden, Harrow and Ealing on its strategic potential for supporting new developments and orbital travel.

Education Maintenance Allowance

Councillor Van Kalwala moved the motion circulated in his name.

Following a vote the motion submitted was put to the vote and declared CARRIED.

RESOLVED:-

- (i) to note that prior to the last general election, both the Liberal Democrat and Conservative Parties pledged to maintain the Education Maintenance Allowance (EMA);
- (ii) to also note that:
 - EMA was paid to over 4,000 young people in Brent last year;
 - Brent had the third highest take-up of EMA of any London Borough;
 - that scrapping the EMA will leave thousands of young people with the talent, but not the financial means, to stay in education and fulfil their life dreams;
 - that EMA has been shown to be particularly beneficial among ethnic minority groups; and
 - that together with the trebling of tuition fees, the Government is sending a message to low-income families that talent will not be enough to entitle them to education;
- (iii) that this Council therefore regrets that the parties of coalition government have broken their promises to Brent's young people and their families and calls on the coalition to reinstate the EMA, and to support access to education for all Brent's young people, regardless of their wealth or ethnic background.

12. London Councils Grant Scheme 2011/12

The Mayor submitted that the report before Council, which had been circulated late to members, was urgent because London Councils had requested a response before 1 February 2011 and indicated that later responses would not be accepted.

Councillor R Moher introduced the report which informed members of the proposed level of contribution the Council was being asked to make to the London Councils Grant Scheme in 2011/12.

Councillor Beck moved an amendment that sought to delete the recommendations included in the report and instead asked members to note the findings of the Equalities Impact Assessment, the economies of scale achieved by London boroughs commissioning together and that ending commissions before their natural end was a breach of trust that could cause harm to those organisations. It therefore sought not to approve the proposals to reduce the Council's contribution and to ring fence the £498,705 for the voluntary sector until a review had been completed.

In response to the proposed amendment, Councillor John explained the history to the subject and reminded members of the £37m saving the Council had to make. She stated that the voluntary sector was aware of the effects of taking the decisions proposed but the Council could give no guarantees on final decisions to be taken regarding funding.

The view was expressed that many of the funded organisations provided pan London services but the proposals were being driven by a few boroughs who did not support these services which in turn undermined achieving the two thirds agreement of all London boroughs needed. However, another view expressed was that many of the organisations were not known in Brent and it would be better to get the money to ensure it was spent for the benefit of the borough.

The amendment was put to the vote and declared LOST.

RESOLVED:

- (i) that the contribution recommended by London Councils to the grant scheme for 2011/12 be accepted and notified to London Councils by 31 January 2010;
- (ii) to note that the contribution of £436,346 in 2011/12 is a reduction of £498,705;
- (iii) that a review of the funding of affected organisations be carried out to identify recommended criteria for applying for future funding should the Council wish to reinvest any or all of the £498,705 back into the voluntary sector.

The meeting closed at 9.45 pm

COUNCILLOR HARBHAJAN SINGH
Mayor



Full Council
28 February 2011

Report from the Director of Finance and Corporate Services

Wards affected:
ALL

Changes to the Council's Financial Regulations

1.0 Summary

- 1.1 This report sets out the proposed new Financial Regulations for the Council and updates the current Scheme of Transfers and Virements. It also explains the introduction of Required Financial Practice Notes. The report also seeks agreement for a separate set of Financial Regulations covering Schools.

2.0 Recommendations

Members are asked to

- 2.1 Agree and adopt with immediate effect the:
- a) New Financial Regulations for the Council set out in Appendix A
 - b) The updates to the Scheme of Transfers and Virements shown as tracked changes in Appendix B
 - c) The Schools Financial Regulations set out in Appendix C
 - d) The Required Financial Practice Notes set out in Appendix D
- 2.2 Agree that the Constitution be amended by replacing the Financial Regulations and in Part 6 of the Constitution with those set out in Appendix A and that the Scheme of Transfers and Virements be amended as shown in Appendix B

3.0 Detail

- 3.1 At its meeting on the 12th July 2010 the Council agreed an interim set of Financial Regulations. Those Regulations took account of Phase 1 of the Financial Transformation Programme and the move to a single financial and procurement system. Phase 2 of Transformation Programme saw further process changes and the introduction of a new finance structure across the

Meeting
Date

Version no.
Date

Council. The changes in Phase 2 are reflected in the proposed new Financial Regulations, the updated Scheme of Transfers & Virements and the Required Financial Practice Notes.

- 3.2 The 12th July 2010 interim Financial Regulations comprised of a lengthy series of responsibilities, controls and processes. These three elements have now been separated out and then updated to reflect the Phase 2 changes. Accordingly, the responsibilities are now contained solely within Financial Regulations whilst the controls and process elements have been moved to the Required Financial Practice Notes. This change has been brought about by the need to keep Financial Regulations in a manageable format and focussed on who is responsible for what. Whilst the Required Financial Practice Notes reflect the new standard approach to what needs to be done and so sets out in detail the key financial controls and supporting processes that need to be operated.
- 3.3 It is proposed that the Financial Regulations remain part of the Constitution but that the Required Financial Practice Notes be maintained and updated by the Chief Finance Officer. This reflects the need to regularly change processes and introduce new controls with immediate effect. Both documents have to be complied with by all officers of the Council
- 3.4 The Scheme of Transfers and Virements has been updated to reflect changes in the way in which borrowing is now effected.
- 3.5 The Schools Financial Regulations are updated on a regular basis to reflect changes in the operating environment. For completeness and visibility to Full Council the latest version is attached for approval.
- 3.6 None of the above changes impact on the principal roles and responsibilities set out in the Council's Constitution for Full Council, the Executive and Members.
- 3.7 The new Financial Regulations, updated Scheme of Transfers & Virements and the Required Financial Practice Notes have been consulted on, signed and agreed by officers of the Strategic Finance Group.

4.0 Financial Implications

- 4.1 Financial Regulations are concerned wholly with financial processes. There are no direct budget implications arising from these changes.

5.0 Legal Implications

The Council is required under the Local Government Act 2000 (Constitutions) England Direction 2000 to include in the Constitution a description of the rules and procedures for the management of its financial affairs including the Council's financial rules or regulations, or such equivalent provisions. Members are advised that the detail set out in the Financial Regulations is sufficient to meet that legal requirement.

Changes to the Constitution require the agreement of Full Council.

6.0 Diversity Implications

There are no diversity implications arising from this report

7.0 Staffing/Accommodation Implications (if appropriate)

None

Background Papers

Contact Officers

Should any person require any further information about the issues addressed in this report, please contact Clive Heaphy, Director of Finance & Corporate Services on telephone number 020 8937 1290

Clive Heaphy
Director of Finance and Corporate Services

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FINANCIAL REGULATIONS

Contents

1. INTRODUCTION

- 1.1 What this Section Covers
- 1.2 To Whom the Regulations Apply

2. REVENUE BUDGETS

- 2.1 General Provision
- 2.2 Setting the Revenue Budget
- 2.3 Revenue Budget Monitoring, Forecasting and Overspends

3. THE CAPITAL PROGRAMME

- 3.1 Authorisation and Financing
- 3.2 Capital Programme Monitoring
- 3.3 Capital Expenditure

4. FINANCIAL SYSTEMS AND ACCOUNTING

- 4.1 Accounting Systems and Procedures
- 4.2 Accounts and Accounting Policies

5. PROCUREMENT, CONTRACTS AND LEASING

6. ORDERS AND PAYMENTS

7. EXPENDITURE ITEMS

- 7.1 GPC/Business Credit Cards/Pre-pay Cards
- 7.2 Payroll
- 7.3 Officer Expenses Claims
- 7.4 Petty Cash
- 7.5 Internal Trading and recharges
- 7.6 Income and Expenditure Taxation Returns

8. INCOME AND DEBT

9. EXTERNAL ARRANGEMENTS

9.1 Accountable Body and Partnership Arrangements

9.2 Provisions of Goods, Services and works to other Bodies

9.3 Grants to Outside Bodies

10. RISK MANAGEMENT AND CONTROL OF RESOURCES

10.1 Risk Management and Insurance

10.2 Internal Controls

10.3 Audit Requirements

10.4 Financial Irregularities

10.5 Money and Banking

10.6 Money Laundering

10.7 Property, Stock and Equipment

10.8 Sale of Council Assets – General Requirements

10.9 Disposal of Equipment and Stock

10.10 Disposal of Land and Buildings

10.11 Treasury Management

10.12 Financial Implications within Reports

11. RETENTION OF DOCUMENTS

FINANCIAL REGULATIONS

INTRODUCTION

1.1 What This Section Covers

1.1.1 These Regulations form part of the Council's Constitution, which makes up the Council's regulatory framework alongside Standing Orders. They are mandatory and as such must be followed by all officers of the Council whether directly employed, contracted or employed through an agency in their conduct of financial and related matters. They cover the following areas of financial management and control:

- revenue budgets
- the capital programme
- financial systems and accounting
- procurement, contracts & leasing
- orders & payments
- expenditure items
- income and debt
- external arrangements
- risk management and control of resources
- retention of documents

1.2 To Whom the Regulations Apply

1.2.1 For the purposes of this document, the Chief Finance Officer is the Officer appointed by the Council in accordance with Section 151 of the Local Government Act 1972. (Further details of roles and responsibilities are set out in Part 4 of the Constitution).

1.2.2 These Regulations apply to all officers across the council responsible for or engaged in undertaking financial activity. Failure to comply may constitute misconduct and lead to formal disciplinary action.

1.2.3 The following describes the overall framework and the main roles and responsibilities in respect of these Regulations. This is not exhaustive and there will be overlaps. The Chief Finance Officer is responsible for reviewing these Regulations and the reporting any significant breaches to the Executive or Full Council:

- The Chief Finance Officer (CFO) puts in place financial standards and practices across the Council to deliver a framework for financial control, provide accurate, timely and consistent monitoring information, and sound advice on financial decisions to be made by officers and members.
- Service Area Directors and officers are fully accountable for budgets under their control. They must ensure that the service promotes, enacts and monitors adherence to the financial control framework, that effective budgetary control systems are in place and that spending is within their aggregate cash limit, indicating where necessary, conflicts between current service policy and plans and resource allocation. Each Service Area Director must maintain a record of officers authorised to act upon their behalf in respect of managing budgets, income collection, requisitioning, placing and approving orders, approving variations and write offs. Where appropriate the record should show limits of their authority.

- Finance and Corporate Services maintains the councils financial and procurement system, collates and reports financial information, monitors the implementation of the financial control framework, advises & supports service area officers in fulfilling their financial responsibilities, and gives assurance to management and members that adequate controls exist to produce sound financial administration.
- Audit and Investigations provide the Council's internal audit function and anti-fraud services. They are authorised representatives of the Chief Finance Officer to assist him to discharge his statutory duties and provide Managers with advice and guidance on the system of internal control. They are responsible for investigations into financial irregularities across all Council services.

1.2.4 These Regulations are supplemented by, and should be read in conjunction with:

- Scheme of Transfers & Virements. This must be complied with as part of the Council's Constitution. Any variation from this scheme requires the approval of Full Council
- Required Financial Practice Notes. This represents mandatory financial practice within the Council and must be followed by all officers. They set out in detail the key financial controls and supporting processes.
- Specific guidance, procedure and process notes on good financial practice that are issued periodically by the CFO

2. REVENUE BUDGETS

2.1 General Provisions

2.1.1 The Budget is proposed by the Executive and agreed by Full Council. The Budget and Policy procedure rules are set out in Standing Orders. It is the Councils financial representation of its policies.

2.1.2 The Chief Finance Officer is responsible for:

- Developing and maintaining a resource allocation process that ensures due consideration of the full councils policy framework
- Preparing a consolidated budget for all Revenue Account activities and for reporting on the robustness of budget estimates and the adequacy of financial reserves.
- Preparing a budget monitoring statement to the Executive on a quarterly basis. Budgetary control action should be specified and where the action is endorsed by the Executive which would makes changes to the Policy Framework and the Budget then it will require agreement by Full Council (Part 5 of the constitution). Officers cannot implement these changes until such endorsement is obtained.
- Preparing and maintaining a Scheme of Transfers and Virements to be approved by Full Council and approving Transfers and Virements where required under the Scheme
- Prepare and maintain the Required Financial Practice Notes
- Ensuring that systems are in place to measure activity and collect accurate information for use in performance indicators and performance plans
- Determining what constitutes revenue expenditure and income and which relevant account in which a transaction should be properly recorded

2.2 Setting the Revenue Budget

- 2.2.1 The Chief Finance officer is responsible for preparing annual budget preparation guidelines and publishing a detailed budget book covering council spending.
- 2.2.2 Service Area Directors are responsible for preparing and submitting draft budget estimates and accompanying schedules as required. Service plans must be supported by adequate budgets.
- 2.2.3 The inclusion of an item within the Revenue Budget as approved by the Full Council provides the necessary authorisation to responsible officers to spend up to that sum for the specified purposes for that budget.
- 2.2.4 Finance & Corporate Services will ensure the robustness of service area budgets by working with Service Area Directors and budget holders to prepare budgets and to report any weakness or concern covering budget construction or its adequacy to cover service provision

2.3 Revenue Budget Monitoring, Forecasting and Overspends

- 2.3.1 Service Area Directors and their officers are not authorised to exceed the cash limited budget under their control and must identify and set performance measures linked to service plans. They must make suitable arrangements to ensure that identified overspends are controlled and implement corrective action within the overall constitution.
- 2.3.2 Service Area Directors are responsible for preparing accurate financial forecasts and must report forecast overspends or forecast reductions in income to the CFO along with a detailed plan of action aimed at controlling the situation.
- 2.3.3 Service Area Directors shall identify budget holders who will prepare budgets, keep spending within cash limits, maintain forecasts, monitor and report performance data.
- 2.3.4 Finance & Corporate Services will identify Finance Business Partners to work with and support service departments in ensuring the robustness of the monitoring and forecasting arrangements. They must report any failures to adhere to those arrangements or any overspends identified and will ensure the completeness and accuracy of the budget data input and held in the general ledger.
- 2.3.5 The Strategic Finance Group will review the monitoring information and provide summary information and exception reports to the Corporate Management Team (CMT). CMT will examine proposed recovery plans and take any other necessary action to deliver spending within those overall resources.

3. THE CAPITAL PROGRAMME

3.1 Authorisation and Financing

- 3.1.1 The Full Council will approve the Capital Programme and make budget allocations to Service Areas as part of the Policy Framework and the Budget.
- 3.1.2 The Chief Finance Officer will prepare for approval by Full Council a capital programme report and will ensure that all reporting requirements under the Prudential Code are met and that prudential indicators are maintained. The CFO will also determine the method of financing of capital schemes.

- 3.1.3 Service Area Directors will prepare capital programmes and seek appropriate approval for programmes and schemes within.
- 3.1.4 The Chief Financial Officer must set aside an amount of minimum revenue provision (MRP) which is prudent and also prepare an annual statement of their policy on making MRP to Full Council

3.2 Capital Programme Monitoring

- 3.2.1 Service Area Directors will make adequate arrangements for the management and monitoring of their capital programme. They must report scheme progress, slippage and forecast overspends, detailing the action they propose to control the overspend and to set out the arrangement by which it will be funded from within the service area's programme. In cases where this proposed action will stop or significantly change any previously agreed projects or programmes then this may require the approval of the Executive and Full Council.
- 3.2.2 Service Area Directors shall identify Budget Holders responsible for ensuring expenditure is contained within the capital resources allocated in each financial year and that the overall cost of the scheme does not exceed the budget allocated. They must ensure that all external funding streams are validated and collected.
- 3.2.3 The Service Area Director must identify those officers responsible for issuing and approving variations to orders for works and building contracts. This process must adhere to best practice and guidance.
- 3.2.4 Finance & Corporate Services through the Finance Business Partner will ensure the robustness of the monitoring and forecasting arrangements. They must report any failures to adhere to those arrangements or any overspends identified. They must ensure the completeness and accuracy of the budget data input and held in the general ledger.

3.3 Capital Expenditure

- 3.3.1 Finance & Corporate Services will ensure all capital expenditure meets the required definition for charging.
- 3.3.2 Budget holders are responsible for ensuring that payments made are in accordance with the terms and conditions of the contract provisions in relation to stage, interim and retention payments. They must keep a contract payment register to provide a record of all interim payments and any outstanding retention amounts and also make proper arrangements for the identification of expenditure liable for construction industry tax.

4. FINANCIAL SYSTEMS AND ACCOUNTING

4.1 Accounting Systems and Procedures

- 4.1.1 The Chief Finance Officer will determine the accounting system that shall be used by the Council and the financial processes that shall be operated. The CFO will ensure adequate controls and segregation of duties exist within the system, that adequate security arrangements have been made and that adequate procedures are in place to enable financial records to be reconstructed in the event of system and procedure failures.

4.1.2 Finance & Corporate Services will determine and maintain the allocation of user responsibilities within the system.

4.2 Accounts and Accounting Policies

4.2.1 The Chief Finance Officer will determine the:

- Council's accounting policies and ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the UK and for ensuring proper arrangements are made for the audit of the accounts in accordance with the Accounts and Audit Regulations.
- Treatment of balances where a provision and/or liability recorded in the balance sheet is deemed no longer appropriate.
- Arrangements and procedures for preparing the annual accounts

5. PROCUREMENT, CONTRACTS & LEASING

5.1 The Chief Finance Officer will determine and maintain the councils procurement system and the processes therein.

5.2 The Chief Finance Officer will put in place arrangements which ensure the requirements of the Prudential Framework and that relevant Accounting Standards are complied with and make arrangements for a register to be maintained of all contracts awarded or entered into.

5.3 All Officers are required to procure using the procurement system and the contracts, arrangements and processes set up therein.

5.4 All Officers must comply with:

- the Council's Standing Orders on Contracts (Part 3 of the Constitution) for entering into contracts Contracts of £150,000 in value or more must be executed in accordance with the Council's Standing Orders.
- the requirement that contracts or procurement of less than £150,000 in value shall be signed only by officers authorised to do so,
- Required Financial Practice Notes
- Contract Procurement and Management Guidelines (the "*Blue Book*")
- the requirement to maintain the Contracts Register held by the Procurement team ,
- the requirement to ensure variations and amendments are properly authorised

5.5 Service Area Directors must ensure that adequate monitoring and review arrangements are in place to cover contracts for externally provided services and sign off any variations or amendments to contracts.

6. ORDERS AND PAYMENTS

6.1 Service Area Directors must ensure that all officers procure using the procurement system. They must allocate and then maintain a record of officers roles and approval levels within the procurement system. This record is called the system scheme of delegation and covers officers authorised to make requisitions and approve requisitions

6.2 Budget Holders must ensure that value for money has been obtained in the purchasing of all goods and services, the requisition is lawful expenditure, and the correct code has been used to charge that expenditure.

7. EXPENDITURE ITEMS

7.1 GPC / Business credit cards/Pre pay cards

7.1.1 The Chief Finance Officer is responsible for putting in place arrangements for the use of these cards

7.1.2 Service Area Directors must ensure that only authorised officers have access and use of these cards.

7.2 Payroll

7.2.1 The Chief Finance Officer shall approve arrangements for the payment of all salaries, wages, pensions, compensation, other emoluments and the deductions from salaries for tax, superannuation and other deductions to and/or from all employees and former employees of the Council. All redundancy and early retirements have to be approved by the CFO.

7.2.2 Service Area Directors must authorise the recruitment of permanent or temporary staff and the undertaking of overtime or additional payments. They must ensure that and that adequate budget provision is available. Within service areas the budget holders must ensure that all appointments, resignations, absences, overtime or other circumstances affecting the salary, wage or emoluments of an employee included in their budget is acted upon immediately and notified to Finance & Corporate Services.

7.3 Officer Expenses Claims

7.3.1 Budget holders are responsible for authorising officer expenses and for ensuring the correct method of reimbursement is used.

7.4 Petty Cash

7.4.1 Petty cash is not allowable unless approved by the Chief Finance Officer.

7.5 Internal Trading & Recharges

7.5.1 The Chief Finance Officer is responsible for approving all internal trading and recharging initiatives. Where necessary approval of the Executive or Full Council will be obtained

7.5.2 Budget holders must ensure that the agreed budgeting, accounting and charging procedures are adhered to.

7.6 Income and Expenditure Taxation Returns

7.6.1 The Chief Finance Officer will make arrangements and issue guidance for the completion of all returns to the HM Revenue and Customs.

7.6.2 Budget holders, must provide information on employee benefits in the format and timetable required by central finance.

- 7.6.3 Budget holders must ensure that the required employment status and CIS checks are undertaken prior to approving new suppliers or requisitions
- 7.6.4 Finance & Corporate Services are responsible for ensuring all input and output invoices are VAT compliant in every respect.

8. INCOME AND DEBT

8.1 Income – General

- 8.1.1 The Chief Finance Officer is responsible for approving all debt recovery arrangements including performance monitoring and any on-line income collection or payment facilities.
- 8.1.2 Service Area Directors shall review all charges within their area at least annually. Such reviews shall take account of any criteria agreed by Full Council except where such charges are fixed by statutory provision.
- 8.1.3 Budget holders are responsible for the raising of invoices for any income due and the subsequent safe custody and banking of any income received to their service
- 8.1.4 Financial and Corporate Services is responsible for the collection of all debt over 31 days old and maintaining records relating to income collection and debt write-offs.

8.2 Income – Grants

- 8.2.1 The Chief Finance Officer is responsible for signing grant claims unless otherwise required by the grant giving body. The CFO will maintain a grants register.
- 8.2.2 Service Area Directors are responsible for signing off grant applications and ensuring that where the grant application requires matching resources to be input, that the matching amount is available from within existing budgets or verified other sources
- 8.2.3 Budget Holders are responsible for claiming and recovering grant due. Copies of grant claims must be sent to the CFO
- 8.2.4 Finance & Corporate services will scrutinise claims and review working papers.

8.3 Income – Bad Debts and Write Offs

- 8.3.1 The Chief Finance Officer will put in place arrangements for the collection and write off of bad debts
- 8.3.2 Service Area Directors must ensure adequate bad debt provision exists to cover debt within their service. They have delegated powers to authorise the write-off of debts only in relation to their own operational budgets up to the value of £1,000 a schedule of which must be submitted to the CFO in an approved format. Any debt above £1,000 is to be agreed individually in advance by the CFO. Those debts over £3,000 will be reported to the Executive bi-annually.
- 8.3.4 Finance & Corporate Services will ensure that following approval to write-off debt the appropriate accounting and budgeting adjustments are made and the debt recovery team are informed.

9. EXTERNAL ARRANGEMENTS

9.1 Accountable Body and Partnership Arrangements

9.1.1 The Chief Finance Officer must be informed and written approval obtained before entering into any proposed accountable body or partnership arrangements

9.1.2 Service Area Directors must ensure that the objectives of the arrangement are consistent with the Council objectives and priorities. Within Service Areas the budget holders are responsible for managing & controlling such arrangements and the expenditure incurred and income received

9.1.3 Finance & Corporate Services are responsible for monitoring and validating such arrangements

9.2 Provisions of Goods, Services and works to Other Bodies

9.2.1 Service Area Directors can enter into such arrangements providing they have written legal advice that the Council has power to make such arrangements. Specific Executive approval (or if appropriate the General Purposes Committee) will be required if:

- the contract value would exceed £150,000 per annum;
- the gross cost to the Council of providing the relevant goods or services under the contract is estimated to exceed £150,000 per annum having consideration to the full costs over the term of the contract. It is not acceptable to split contracts into smaller parcels to avoid exceeding the £150,000 per annum threshold above;
- a company is to be set up for the purposes of the arrangements; or
- if the contract exceeds £500,000 per annum in value it shall be in a formal document under the seal of the Council.

9.2.2 Budget holders are responsible for the maintenance and control of such contracts.

9.3 Grants to Outside Bodies

9.3.1 Service Area Directors are responsible for ensuring that grants to outside bodies are only given where the Council has the statutory powers to do so. Legal opinion must be given before grant is awarded.

9.3.2 The Budget Holder is responsible for administering, monitoring and enforcing the terms and conditions of that grant.

10. RISK MANAGEMENT AND CONTROL OF RESOURCES

10.1 Risk Management and Insurance

10.1.1 The Chief Finance Officer shall be responsible for the preparation and promotion of the Council's risk management policy statement. Subject to any liability imposed on the Council by statute or other legal obligation, all insurance shall be effected by the Chief Finance Officer or under arrangements approved by him/her.

10.1.2 Service Area Directors must:

- ensure that adequate risk management controls are implemented, monitored and reviewed and that assets under their control have appropriate insurance cover within the overall guidance issued.

- notify the Chief Finance Officer immediately of any loss, liability or damage that may lead to a claim against the Council and of all new risks, properties or vehicles that require insurance and of any alternations affecting existing insurances;
- consult with the Chief Finance Officer and the Solicitor to the Council on any terms or any indemnity that the Council is requested to enter into.

10.2 Internal Controls

10.2.1 The Chief Finance Officer shall make arrangements for the production and publications of an annual independent statement on internal control and risk management.

10.2.2 Service Area Directors must ensure that adequate systems of internal control are established, adhered to, tested and reviewed in order to be confident in the areas set out in the annual assurance matrix and that all staff have a clear understanding of the consequences of lack of control and knowledge of Financial Regulations.

10.3 Audit Requirements

10.3.1 The Chief Finance Officer, or authorised representative, shall have authority to:

- Enter any building, land or area where records relating to any activity of the Council, its partners, contractors or any body partly or wholly funded by the Council, are, or may be, held. This includes all schools who receive funding from the Council. If necessary, to conduct searches of those areas, including cabinets, workspaces, desks for the purposes of locating documents or other material relevant to any matter under investigation. Where necessary to remove and examine IT equipment.
- Have access to all records, data, computer systems, correspondence and any other source of information relating to any matter under examination and remove any documents and records as deemed necessary. This will include documentation held by Council Officers in respect of organisations who are partners of the Council receiving funding from the Council or are providing services on behalf of the Council.
- Require and receive such explanations as are considered necessary concerning any matter under examination.
- Require any person holding or controlling cash, stores or any other Council property to produce such items for examination. These may be removed as deemed necessary.

10.3.2 The Chief Finance Officer will ensure that a strategic and annual audit plan is prepared by the Head of Audit and Investigations which takes account of the characteristic and relative risks of the activities involved. The Chief Finance Officer is responsible to the audit committee for ensuring that adequate arrangements are made for the effective delivery of this plan.

10.3.3 The Chief Finance Officer will ensure that members, and in particular the audit committee, and chief officers receive suitable reports setting out the findings of internal and external audit reports.

10.3.4 Service Area Directors must:

- consider and ensure Managers respond promptly to recommendations in both internal and external audit reports;
- ensure that agreed actions arising from the audit recommendations are carried out in a timely and efficient fashion;
- report to members the reasons for any failure by Managers to implement those audit recommendations.

10.4 Financial Irregularities

10.4.1 All officers have a responsibility to report any irregularities concerning cash, stores or other property of the Council or any suspected financial irregularity in the exercise of the functions of the Council

10.4.2 Service Area Directors must keep and review a service based register of gifts and gratuities received by officers.

10.5. Money and Banking

10.5.1 Service Area Directors must ensure the adequacy of security arrangements for the holding of cash including controlling access to safes and other receptacles. They must also approving the authorised signatories to all bank accounts within their control

10.5.2 The Chief Finance Officer is responsible for opening and amending details of any bank account.

10.6. Money Laundering

10.6.1 It is the responsibility of the Chief Finance Officer to put in place anti-money laundering policies.

10.6.2 All officers have a responsibility to identify possible money laundering activities, and report possible money laundering in line with the council's anti-money laundering policies.

10.7. Property, Stock and Equipment

10.7.1 Officers responsible for property, stock and equipment must ensure adequate security arrangements are made. They must maintain an inventory of, and ensure the care and custody of valuable goods and equipment.

10.7.2 The Chief Finance Officer shall maintain an appropriately valued asset register of all the Council's land and buildings.

10.7.3 The Director of Regeneration & Major Projects shall ensure records are maintained of all properties owned or managed by the Council and that where commercial rents are payable to the Council a regular review of such rents is carried out to ensure they are set at an appropriate level. The terms of any leases should generally reflect market rents. An annual review of property should be undertaken for the purpose of identifying surplus or inefficient properties

10.8. Sale of Council Assets – General Requirements

10.8.1 Officers disposing of assets must at all times have regard to the Required Financial Practices and must obtain the required consent before any disposal takes place

10.8.2 The treatment for amounts received in excess of the costs of disposal shall be determined by the Chief Finance Officer.

10.9 Disposal of Equipment and Stock

10.9.1 Service Area Directors can authorise disposals up to the value of £1000. The CFO must be consulted on any disposals expected to exceed this sum.

10.9.2 Disposal of IT hardware and software must be approved by the Head of ITU.

10.10. Disposal of Land and Buildings

10.10.1 All disposals must be agreed by the Council's Executive except in circumstances specified in the Council's Constitution in relation to certain leases. These exceptions do not extend to the disposal of freehold interests.

10.10.2 The Director of Regeneration & Major Projects shall make arrangements for the disposal of all land and property.

10.11. Treasury Management

10.11.1 The Chief Finance Officer is responsible for the execution and administration of treasury management decisions. The CFO will act in accordance with the Treasury Policy Statement, Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.

10.11.2 The Chief Financial Officer shall effect all borrowings and investments (or make arrangements to do so), report periodically to the Council, be responsible for the safe custody of securities held by or on behalf of the Council, and approve all Trust Funds.

10.11.3 The Chief Finance Officer shall be responsible for maintaining adequate cashflow forecast and for ensuring that the Council has adequate liquidity at all times.

10.12 Financial Implications within Reports

10.12.1 All officers involved in the origination of reports must consult with the CFO before preparing reports to committee. They must ensure that reports they present to Full Council, the Executive, Highway Committee or any other committee of the council should contain a section covering the Financial Implications prepared in accordance with the Required Financial Practice requirements.

10.12.2 The Chief Finance Officer may, where considered necessary, issue a concurrent report on matters requiring the Members' attention or where the financial implications of a report are considered invalid he/she may:

- require the report to be withdrawn;
- supply alternative financial implications under his own name to be circulated to Members; or

- indicate to Members the reasons why he believes the financial implications are incomplete and/or incorrect and the consequences of proceeding on that basis (i.e. that the expenditure would be unauthorised).

11. RETENTION OF DOCUMENTS

- 11.1 All officers are responsible for ensuring compliance with Required Financial Practice and the requirements of the Freedom of Information Act 2000 in determining their local retention policies. They should consult the Brent Retention and Disposals Policy and the council's Information Asset Register to determine retention records. If any records are missing they must notify the Information and Strategy Team.

SCHEME OF VIREMENTS

22. The Capital Programme is funded by a combination of capital receipts, grants and other direct external contributions and borrowing. The total amount of permitted borrowing can be varied during the financial year under the terms of Local Government Act 2003 and relevant regulations. Apart from any contingencies agreed in the Budget, this scheme does not permit any increase in the level of borrowing beyond that agreed in the Budget. Such increases require approval by Full Council in the context of advice from the Director of Finance and Corporate Services and subject to CIPFA's "*The Prudential Code for Capital Finance in Local Authorities.*"
28. Where new Capital resources, limited for use for a specific purpose, are identified during the year that do not require matched funding, the Executive may commit new expenditure provided that:
- (a) Spending commitments in future years are not made beyond the resources available to fund them;
 - (b) The cost of any new borrowing is affordable;
 - (c) The new spending meets objectives set out in the Policy Framework or the Corporate Strategy.

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FINANCIAL REGULATIONS

Contents

1. INTRODUCTION

- 1.1 What this Section Covers
- 1.2 To Whom the Regulations Apply

2. SETTING, MONITORING AND CONTROLLING THE REVENUE BUDGET

- 2.1 Head Teacher – Budgetary Role
- 2.2 Setting the Budget
- 2.3 Monetary Limits
- 2.4 Transfer of Resources between Budgets
- 2.5 Monitoring the Budget
- 2.6 Controlling the Budget
- 2.7 Overspends

3. LEASING, LOAN AND FINANCING ARRANGEMENTS

- 3.1 General Requirements

4. ACCOUNTING RESPONSIBILITIES

- 4.1 Accounting Systems and Procedures
- 4.2 Accounting Policies
- 4.3 Accounting Records
- 4.4 Final Accounts – Year End Requirements

5. CONTROLLING INCOME AND EXPENDITURE

- 5.1 Income - General
- 5.2 Income – Bad Debts and Write Offs
- 5.3 Expenditure – General
- 5.4 Expenditure – Official Orders
- 5.5 Expenditure – Paying Invoices
- 5.6 Expenditure – Payroll
- 5.7 Expenditure – Petty Cash

5.8 Income and Expenditure Taxation Returns

6. RISK MANAGEMENT AND CONTROL OF RESOURCES

6.1 Risk Management and Insurance

6.2 Internal Controls

6.3 Audit Requirements

6.4 Financial Irregularities

6.5 Money and Banking

6.6 Property, Stock and Equipment

6.7 Sale of School Assets – General Requirements

7. PROCUREMENT

8. INVESTMENTS AND TRUST FUNDS

9. CUSTODY OF THIRD PARTY PROPERTY

10. ESTATES

11. RETENTION OF DOCUMENTS

FINANCIAL REGULATIONS

INTRODUCTION

1.1 What This Section Covers

1.1.1 These Regulations form part of the Scheme of Delegation. They must be followed by all staff and governors in a school whether directly employed, contracted, employed through an agency or volunteers in their conduct of financial and related matters. They cover the following fundamental areas of financial management and control:

- setting, monitoring and controlling the revenue and capital budget
- accounting responsibilities
- controlling income and expenditure
- risk management and control of resources
- procurement
- retention of documents

1.2 To Whom the Regulations Apply

1.2.1 For the purposes of this document, the Chief Finance Officer is the Officer appointed by the Council in accordance with Section 151 of the Local Government Act 1972. (Further details of roles and responsibilities are set out in Part 4 of the Constitution).

1.2.2 These Regulations apply to all staff and governors working in all schools maintained by the LA. Head Teachers are under a duty to ensure that their staff and governors comply with these regulations. Failure to comply with the regulations may constitute misconduct and lead to formal disciplinary action.

1.2.3 The following describes the overall framework and the main roles and responsibilities in respect of the Regulations. This is not exhaustive and there will be overlaps. The Chief Finance Officer is responsible for reviewing these regulations and reporting any breaches to the Executive or Full Council. Ultimately all staff and governors are responsible for complying with all Regulations:

- The Chief Finance Officer puts in place financial standards and practices across the Council to deliver a framework for financial control, provide accurate, timely and consistent monitoring information, and sound advice on financial decisions to be made by officers and members.
- Head Teachers must ensure that their school promotes, enacts and monitors adherence to the necessary financial control framework and keeps spending within budget, indicating where necessary, conflicts between current service policy and plans and resource allocation.
- Head Teachers are required to keep accurate financial records, comply with the financial control framework and take timely action to keep spend within budget.
- Finance & Corporate Resources and staff in the Children and Families Department collate financial information, monitor implementation of the financial control framework, support school finance officers and Head Teachers in their financial responsibilities, and give assurance to the Director of Children and Families and Members that adequate controls exist to produce sound financial administration.

- School finance officers collate the financial information about their school, provide financial advice to the Head Teacher and governors in the school, provide financial information to the Children and Families Department, Finance and Corporate Resources, support Head Teachers in their financial responsibilities, help to implement the financial control framework and ensure sound financial administrative systems are in place.
- Audit and Investigations provide the Council's internal audit function and anti-fraud services. They assist the Chief Finance Officer and Director of Children and Families to discharge their statutory duties and provide Head Teachers with advice and guidance on the system of internal control. They are responsible for investigations into financial irregularities across all Council services.

1.2.4 These Regulations are supplemented by, and should be read in conjunction with:

- Technical Standards, setting out more detailed requirements for financial arrangements, which may change from time to time.
- Guidance notes or memoranda on good financial management practice which may be issued periodically by the Chief Finance Officer.
- Financial Information for Schools Under Devolved Funding booklet.
- The Scheme for Financing Schools.
- Budget Preparation for Schools booklet.
- The Scheme of Delegation.

SETTING, MONITORING AND CONTROLLING THE REVENUE BUDGETS

2.1 Head Teacher – Budgetary Role

2.1.1 The Head Teacher shall be responsible for maintaining a proper system of budgetary control and preparing all estimates for submission to the Governing Body and the Director of Children and Families. These functions shall be discharged in accordance with any guidelines or Codes of Practice issued from time to time by the Director of Children and Families and the Chief Finance Officer.

2.1.2 The estimates of income and expenditure shall be prepared by the Head Teacher in accordance with the requirements of the Director of Children and Families.

2.1.3 The inclusion of money in the approved Budget Share of the School shall authorise the Governing Body concerned to spend that sum.

2.1.4 Neither the Governing Body, an individual Governor, nor the Head Teacher shall commit the School to any expenditure for which there is not sufficient budget provision or which will cause an overall budget deficit.

2.1.5 Each Governing Body shall be responsible for:-

- (i) reporting without delay to the Director of Children and Families where it appears that the total budget for the school may be exceeded, and
- (ii) taking action to bring the budget back into balance.

2.1.6 Transfers between budget heads may be agreed by resolution of the Governing Body.

2.2 Setting the Budget

2.2.1 The budget is the financial representation of the school's development plan. It will be proposed by the Head Teacher and agreed by the Governing Body. The Budget and Policy procedure rules are set out in the Financial Information for Schools and Budget Preparation booklets. Each Head Teacher shall be responsible for:

- Maintaining a proper system of budgetary control.
- Preparing estimates within the overall criteria and policy framework formulated.
- Setting performance measures linked to School Development Plans and reviewing progress and outcomes for the resources allocated.
- Delivering the curriculum and other school services with the resources agreed.

2.2.2 Budgets must be produced in accordance with the Budget Preparation for Schools booklet, which is issued annually.

2.3 Monetary Limits

2.3.1 The inclusion of money in the School Budget approved by the Governing Body shall authorise the Head Teacher to spend up to that sum. Head Teachers are not authorised to exceed their approved budget.

2.4 Transfer of Resources between Budgets

2.4.1 Head Teachers may transfer resources between budgets (virements) provided they comply with any conditions set by their governing body and follow the advice provided by the Director of Children and Families and the Chief Finance Officer.

2.5 Monitoring the Budget

2.5.1 Once the budget is agreed Head Teachers must ensure that it is strictly monitored.

2.5.2 Head Teachers must provide termly returns to the Director of Children and Families in a format required by him, as well as year end returns in a format and to a time-scale set by the Chief Finance Officer and the Director of Children and Families.

2.6 Controlling the Budget

2.6.1 Strict financial discipline must be maintained and once decisions have been made on the budget for a year Head Teachers must seek to ensure that the budget plan is met.

2.6.2 Governing Bodies shall make arrangements which ensure that significant variance from approved budgets are investigated and reported by Head Teachers regularly.

2.6.3 Each Governing Body shall determine the extent of powers that are to be delegated to the Head Teacher in respect of financial delegation.

2.6.4 Head Teachers and Chairs of Governors must complete the Department for Education and Skills (DfES) Financial Management Standard Self Assessment Tool by 1st September 2006 at the latest. This must then be reviewed annually and sent to the Director of Children and Families in accordance with requirements set by the Chief Finance Officer.

2.7 Overspends

- 2.7.1 Overspends in school budgets are not acceptable. An overspend must be dealt with by action of some kind, even if this means changing policy, service levels and staffing levels, or virements from elsewhere in the school's budget. Each Head Teacher must notify the Director of Children and Families immediately if it appears that their overall budget is likely to overspend due to an estimate or approved expenditure being exceeded, or income not being achieved.
- 2.7.2 The Head Teacher will be required to detail the action they propose to take to correct the overspend. Specific and costed proposals will be expected.
- 2.7.3 Head Teachers and Governing Bodies have to take responsibility for their school budgets and to seriously examine their own capacity to fund new proposals or overspendings.
- 2.7.4 Where action is to be taken to control overspends then precise budget heads must be identified and detailed. Any service implications must be fully stated. If details are not provided then the action will not be regarded by the Director of Children and Families as satisfactory.
- 2.7.5 If a school budget is in deficit at the year end, the school will be required to submit a recovery plan to the Director of Children and Families and Chief Finance Officer in accordance with the Scheme of Delegation.

2.8 Underspends

- 2.8.1 Schools may carry forward any underspent balance of their Budget Share at the year end in accordance with the provisions of the Scheme of Delegation.

2.9 Withdrawal of Delegation

- 2.9.1 Where a school has a delegated budget, the Director of Children and Families by one month's notice, may suspend the delegation where the Director of Children and Families considers that the Governing Body:
 - (a) has substantially or persistently failed to comply with any of the requirements of the borough's LMS scheme;
 - (b) is not managing the appropriation or expenditure of money satisfactorily.
- 2.9.2 Financial delegation shall be withdrawn immediately in the event of gross mismanagement of school resources on the part of the Governing Body/Head Teacher.
- 2.9.3 The withdrawal of financial delegation shall be reviewed annually.

3. LEASING, LOANS AND FINANCING AGREEMENTS

3.1 General Requirements

- 3.1.1 In order to ensure compliance with the prudential framework, Head Teachers may not enter into any leasing agreements or any other loan or financing arrangements for the acquisition of property, vehicles, plant or equipment without the prior written consent of the Chief Finance Officer.

4. ACCOUNTING RESPONSIBILITIES

4.1 Accounting Systems and Procedures

- 4.1.1 The Chief Finance Officer and Director of Children and Families are responsible for approving the accounting systems that shall be used by schools. New financial systems or changes to existing systems should not be introduced or made without the prior approval of the Director of Children and Families. This will only be withheld if it appears that the system will not deliver proper financial management or will not provide financial or other data in the current format required by the Council and/or Central Government.
- 4.1.2 Each Head Teacher shall establish a scheme of authorisation identifying officers authorised to act upon their behalf in respect of payments, income collection and placing orders, including variations, and showing limits of their authority.
- 4.1.3 Head Teachers must regularly review their accounting systems to ensure that report outputs are timely, accurate, clear, convenient and readily understood by users.
- 4.1.4 Head Teachers will be responsible for ensuring that officers involved in operating accounting systems and undertaking financial procedures receive proper assessment of their financial skills and learning and development needs.

4.2 Accounting Policies

- 4.2.1 The Chief Finance Officer is responsible for determining the Council's accounting policies. Each Head Teacher is responsible for ensuring that these policies are adhered to and applied consistently in School accounts. The underlying principles include:
- the accounts should be a fair presentation of the school's financial position and transactions in respect of that financial year.
 - income and expenditure should relate to the services provided in the same accounting period (the financial year). In revenue accounts, provision must be made for income and expenditure earned/used irrespective of when the amounts are actually paid or received.
 - the accounts should be prepared on a prudent basis with income only being included to the extent that it is likely to be received; proper allowance should be made for all known liabilities and losses.
- 4.2.2 The Director of Children and Families will prepare and issue to all schools the "*Budget Preparation for Schools*" document on an annual basis. In addition, the Director of Children and Families will issue guidance to schools on an annual basis via a Circular on the School Extranet that will detail all end of year reporting requirements as specified by the Director of Children and Families and Chief Finance Officer. Each Head Teacher is responsible for ensuring compliance with this document.
- 4.2.3 Other accounting and financial guidance will be issued from time to time as required via Circulars on the Schools Extranet and Head Teachers must ensure that they access and act on these documents.

4.3 Accounting Records

- 4.3.1 Each Head Teacher is required to maintain and securely hold complete and accurate accounting records of all the financial transactions under their control.
- 4.3.2 Head Teachers must also ensure that VAT, Income Tax and other statutory additions and deductions are properly calculated and accounted for on all transactions where appropriate and must supply to the Director of Children and Families such details of statutory additions/deductions as are required to meet the appropriate accounting requirements and enable the submission of statutory returns.
- 4.3.3 Any adjustments to the accounts (journal entries) must be properly documented to incorporate adequate explanatory narrative and cross-referenced to proper working papers. They should be signed or identified by the originator.
- 4.3.4 Head Teachers must ensure that all accounts are supported by full documentation, which is retained for inspection for a period complying with the rules on retention of documents as detailed in section 11.
- 4.3.5 Head Teachers must ensure that adequate procedures are in place to enable accounting records to be reconstructed in the event of systems failures.
- 4.3.6 Head Teachers must ensure that prime reconciliation procedures are carried out on a regular basis and shall provide evidence as required by the Director of Children and Families and Chief Finance Officer. As a minimum:
- All bank accounts under their control, including client and purchasing accounts, must be fully reconciled and reported to them on a monthly basis.
 - All Accounts, including Debtors and Creditors Accounts, must be reconciled on a regular monthly basis and at the end of each financial year.
 - Unofficial funds must be accounted for in accordance with guidance set out in the Financial Information for Schools Under Devolved Funding booklet.

4.4 Final Accounts - Year End Requirements

- 4.4.1 The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the UK: A Statement of Recommended Practice and for ensuring proper arrangements are made for the audit of the accounts in accordance with the Accounts and Audit Regulations 1996.
- 4.4.2 Each Head Teacher shall be responsible for producing detailed final accounts after the end of each financial year (1st April to 31st March) produced in accordance with codes of practice and agreed timetables and shall provide such information as is required by the Director of Children and Families and the Chief Finance Officer to meet statutory accounting requirements.
- 4.4.3 Head Teachers must maintain full supporting documentation and audit trail to justify all figures contained in their accounts and be able to present for internal and external audit as required.

5. CONTROLLING INCOME AND EXPENDITURE

5.1 Income - General

5.1.1 Each Head Teacher is responsible for the:

- collection of all income due to the school in respect of services provided by that school;
- safe custody of all income;
- effective recovery action;
- establishment of performance management systems to monitor the recovery of income;
- maintaining all records relating to income collection and debt write-offs.

Further guidance on income collection is included in the Financial Information for Schools Under Devolved Funding booklet.

5.1.2 Any proposals to enable on-line income collection or payment facilities must be approved by the Chief Finance Officer and Director of Children and Families prior to implementation.

5.1.3 Wherever possible, income should be collected prior to or at the point of delivery of service. Head Teachers must ensure the appropriate charging of VAT. Further advice is set out in the Financial Information for Schools under Devolved Funding booklet.

5.1.4 Where invoices are issued for the collection of debts these shall be issued promptly and all necessary action taken for recovery of that debt.

5.1.5 All income received on behalf of the school shall be paid into the appropriate bank account without delay. Third party and personal cheques must not be cashed from moneys held on behalf of the school.

5.1.6 Each Head Teacher and Governing Body shall review their charges at least annually. Such reviews shall take account of any advice from the Director of Children and Families.

5.1.7 A numbered receipt must be issued for all items of income collected on behalf of the school. With the exception of tickets, Head Teachers must keep a copy of each receipt. All forms of receipt must be treated as controlled stationery, i.e. numbered and kept in a secure place with all issues recorded.

5.1.8 Receipts must be properly accounted for and accounts reconciled on a regular basis. Any major discrepancies in income collected against that banked must be immediately investigated and notified to Audit and Investigations.

5.1.9 Cash should be banked as soon as possible after receipt and should be held in a secure place until banked. Where the insurance cover is provided by the council each Head Teacher must advise the Chief Finance Officer of their arrangements so that insurance cover can be effected on cash in transit and income limits on safes etc. can be observed.

5.1.10 The responsibility for raising an invoice must be separate from that of determining amounts due. Head Teachers are responsible for taking prompt action for the recovery of outstanding debts including legal action where appropriate.

5.2 Income – Bad Debts and Write Offs

5.2.1 Where Head Teachers feel that they should write off a bad debt, advice must be sought from the Director of Children and Families and approval obtained from the Governing Body where appropriate.

5.2.2 Following approval to write-off debt, Head Teachers must ensure that the appropriate accounting and budgeting adjustments are made.

5.3 Expenditure – General

5.3.1 Head Teachers are responsible for ensuring that all expenditure under their control is incurred lawfully, is within budget provision and that the best value has been obtained in procuring goods and services. Head Teachers must ensure that only relevant expenditure is charged against an approved budget head.

5.3.2 It is essential that Head Teachers ensure there are effective internal controls over the payment process. There must be a clear division of duties between placing orders, authorising payment and signing cheques/payment instructions. Head Teachers must keep a record of the officers responsible for these functions and the limits of their authority.

5.3.3 In order to safeguard financial propriety, the following principles shall be observed in the allocation of duties:

- the duty of providing information regarding sums due to or from the school and of calculating, checking and recording these sums shall be separated as completely as possible from the duty of collecting or disbursing them.
- employees charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- the procedures in place and the responsibility of officers should be in writing and available for examination.

5.3.4 Head Teachers must also ensure that there is a system of authorising payment from bank accounts, which is sufficient to prevent fraudulent or inaccurate payments being made.

5.3.5 Further advice is contained in the Financial Information for Schools Under Devolved Funding booklet booklet.

5.4 Expenditure – Official Orders

5.4.1 Official orders must be issued for all work, goods or services to be supplied to the school. Official orders are not required for the supply of gas, electricity, telephone or water supplies. These must be paid on actual readings, at least once a year. Head Teachers should take appropriate steps to ensure value for money in the purchasing of all goods and services and must comply with the procurement regulations – see section 7 below

- 5.4.2 Official orders shall be signed only by officers authorised by the Head Teacher. A copy of each official order shall be retained by the issuing Unit. Any subsequent variation or amendment to an order shall be made only by those staff authorised to sign orders and should be noted on the copy of the order.
- 5.4.3 The function of placing an order (i.e. determining the supplier and issuing a physical order for the supply) should, as far as possible, be separated from the function of receiving and inspecting the supply.
- 5.4.4 Before placing any contracts or orders for work to be undertaken, a Head Teacher must be satisfied that the contractor is technically competent, has sufficient financial standing to carry out the work and can produce work, goods and services to the required quality.
- 5.4.5 Head Teachers must ensure:
- that unique pre-numbered official orders are used for all goods and services;
 - that orders are only used for goods and services provided to the unit and not by individuals for obtaining goods and services for their private use.
- 5.4.6 School staff authorising orders must be satisfied that the goods and services ordered are appropriate and needed, that adequate budgeting exists and that the necessary quotations or tenders have been received.

5.5 Expenditure - Paying Invoices

- 5.5.1 Head Teachers shall make arrangements for the payment of properly authorised accounts. No payment shall be made unless supported by an invoice or payment request. There must be a clear division of responsibility between placing orders and paying invoices and those authorising payment and signing cheques must be satisfied that the expenditure is valid.
- 5.5.2 School staff certifying sums to be due for payment shall first satisfy themselves that such sums are legally and properly payable, and that budgetary provision exists to cover the payment.
- 5.5.3 Head Teachers must put in place arrangements which ensure that:
- Invoices are matched to orders raised. This should be done as soon as possible as this is the school's protection against any dispute.
 - The goods/services delivered or work carried out must agree with the order and delivery note (where applicable) in respect of quality, quantity and price.
 - Invoices are checked to ensure they are properly payable, are arithmetically correct and include the appropriate VAT details.
 - Except in cases of absolute emergency, payments are not made on photocopies and/or faxed invoices.
 - In order to demonstrate that all the appropriate checks have been carried out it is advisable to use a certification slip or payment stamp.
 - All payments must be authorised.
 - Any goods returned or unsatisfactory services must be recorded on the delivery note and copy order at the time to ensure they are not paid for in error.

- No payment for goods and services can be made until they have been received, unless contractually required.
- The invoice has not previously been paid.
- The invoice is properly coded.
- Appropriate entries will be made in accounting records.

5.5.4 There are certain payments where invoices are not available as the payment is generated internally, e.g. payments to other schools of a sum received by a co-ordinating school. These payments never attract VAT. The payment of these items needs to be set out in an internal payment document, a copy of which must be retained to support the transaction.

5.5.5 Periodic payments are those made for rents, ground rents, way leaves etc. for many years. A register of periodic (regular) payments should be kept to ensure that payments are made accurately and by the due date.

5.6 Expenditure – Payroll

5.6.1 The payment of all salaries, wages, pensions, compensation, other emoluments and the deductions from salaries for tax, superannuation and other deductions to and/or from all employees and former employees of the school shall be made under arrangements approved by the Chief Finance Officer. Where schools wish to use a payroll provider other than the Council the Chief Finance Officer's approval will only be withheld if there are doubts about the ability of the provider to deliver a proper service. Head Teachers are under a duty to ensure that all appointments, resignations, absences, overtime or other circumstances affecting the salary, wage or emoluments of an employee in their school are acted upon immediately.

5.6.2 Head Teachers must ensure that all appointments are in accordance with appropriate grades and scales of pay, are consistent with agreed arrangements and that adequate budget provision is available.

5.6.3 Head Teachers are responsible for ensuring that suitable arrangements are in place for payroll administration. It is essential that Head Teachers ensure that sufficient controls are in operation to prevent fraudulent or erroneous payments. Head Teachers are responsible for ensuring that only authorised payments are made. In particular, effective authorisation procedures are needed in respect of new starters, leavers, absences and variations to pay. They should include a proper division of duties between staff authorising payments and those checking payroll output. In no circumstances may a member of staff authorise or process a transaction in relation to their own remuneration.

5.6.4 Head Teachers are responsible for ensuring that all data is input correctly to the payroll system and that all deadlines are met.

5.6.5 Where the Council's Payroll Service is used, all car mileage payments must be made through the payroll. Car mileage claim forms must be sent to Payroll Section with a valid cost code. Where another payroll supplier is used, car mileage must be processed through them.

5.6.6 It is the responsibility of the Head Teacher to ensure that settlement of any Council loans is agreed when completing the leaving notice. A copy of the notice must be sent to Exchequer Services if the Leaver has an outstanding loan.

5.7 Expenditure - Petty Cash

- 5.7.1 Head Teachers are responsible for funding their petty cash imprest accounts out of their bank accounts. A separate bank account may be held specifically for the purposes of petty cash. Details regarding Imprest Accounts can be found in the Financial Information for Schools Under Devolved Funding booklet.
- 5.7.2 Petty Cash must be properly accounted for and reconciled on a monthly basis (also taking into account VAT where applicable). School staff administering petty cash must ensure that expenditure conforms to the legal and justifiable tests as for general expenditure. Proof of expenditure must be obtained in all cases and documentation must be retained in accordance with general expenditure items.
- 5.7.3 Head Teachers must make adequate arrangements:
- for the safe custody of cash held;
 - to ensure the float is never used to cash personal cheques or to make personal loans.

5.8 Income and Expenditure Taxation Returns

- 5.8.1 It is the responsibility of the Chief Finance Officer to make arrangements for the completion of all returns to the HM Revenue & Customs. Head Teachers must provide information to the Chief Finance Officer in the format and timetable required in order to meet these responsibilities. The Financial Information for Schools Under Devolved Funding booklet covers these areas.
- 5.8.2 Head Teachers are responsible for VAT on expenditure and income. A number of school services attract VAT, which must be passed on to customers and separately accounted for. Details of items attracting VAT, the rates to be applied and the specific accounting arrangements are contained in the Financial Information for Schools Under Devolved Funding booklet.
- 5.8.3 The majority of payments made to suppliers and contractors will be subject to VAT. In these cases an original VAT invoice must always be obtained. A supplier not registered for VAT is not entitled to charge VAT. VAT invoices must contain certain information, details of, which are set out in the Financial Information for Schools Under Devolved Funding booklet. This booklet also set out a number of practical guidelines, which must be observed.
- 5.8.4 Heavy penalties will be imposed on the Council if it submits incorrect VAT returns. Any penalties resulting from a misdeclaration will be charged to the school concerned.
- 5.8.5 Head Teachers must submit a quarterly return to the Director of Children and Families providing details of VAT charged and paid. These returns will be in a format notified by the Chief Finance Officer and must be submitted within specified timescales.
- 5.8.6 Payments to subcontractors employed by the school for work of a construction nature are subject to special verification and reporting. These arrangements are set out in the Financial Information for Schools Under Devolved Funding booklet. Each Head Teacher must submit returns in a prescribed format to the Chief Finance Officer providing details of payments made for construction operations under the Construction Industry Scheme.

- 5.8.7 All payments to employees and former employees of salaries and wages - including London Weighting, overtime, fees, commissions, bonuses, performance related pay, contract additions, leased car allowances, honoraria, sickness payments (including SSP and SMP), holiday pay, pensions compensation, other emoluments and other taxable and/or superannuable payments must be made through the school's payroll system. They must not be paid out of petty cash, or through school payments systems. This is essential to ensure that all statutory deductions and pension contributions are correctly made and paid over.
- 5.8.8 Any payments made to employees, which are taxable benefits but are not made through the payroll system, must be declared to the HM Revenue & Customs annually.
- 5.8.9 Payments to self-employed persons employed by schools, as consultants or temporary workers, must be treated with extreme care. Before paying an invoice to a self employed person the paying school must satisfy themselves of the status of the person by completing the questionnaire included in Finance Technical Standards – Income Tax. Advice should be sought from Exchequer Services if required. If there is any doubt, the person must be paid through the payroll.

6. RISK MANAGEMENT AND CONTROL OF RESOURCES

6.1 Risk Management and Insurance

- 6.1.1 The Chief Finance Officer shall be responsible for the preparation and promotion of the Council's risk management policy statement.
- 6.1.2 Subject to any liability imposed on the Council by statute or other legal obligation, all insurance shall be effected by the Chief Finance Officer or under arrangements approved by him/her. Head Teachers shall be responsible for ensuring that assets under their control have appropriate insurance cover within the overall guidance issued and must review on an annual basis the level of risk cover.
- 6.1.3 Head Teachers must:
- ensure that adequate risk management controls are implemented, monitored and reviewed;
 - notify the Chief Finance Officer and the Director of Children and Families immediately of any loss, liability or damage that may lead to a claim against the Council or the school;
 - notify the Chief Finance Officer and Director of Children and Families of all new risks, properties or vehicles that require insurance and of any alternations affecting existing insurances;
 - consult with the Chief Finance Officer and the Solicitor to the Council on any terms or any indemnity that the Council is requested to enter into on behalf of the school.

6.2 Internal Controls

- 6.2.1 The Chief Finance Officer shall make arrangements for the production and publications of an annual independent statement on internal control and risk management.

6.2.2 Head Teachers and Governors must ensure that:

- adequate systems of internal control are established, adhered to, tested and reviewed in order to be confident in the areas set out in the annual assurance matrix;
- staff have a clear understanding of the consequences of lack of control and knowledge of Financial Regulations.

6.3 Audit Requirements

6.3.1 The Chief Finance Officer will ensure that a strategic and annual audit plan is prepared by the Head of Audit and Investigations which takes account of the characteristic and relative risks of the activities involved. The Chief Finance Officer is responsible for ensuring that adequate arrangements are made for the effective delivery of this plan.

6.3.2 The Chief Finance Officer will ensure that the Director of Children and Families, the Head Teacher and Chair of Governors receive suitable reports setting out the findings of internal and external audit reports of a school.

6.3.3 The Chief Finance Officer, or authorised representative, shall have authority to:

- Enter any municipal building, land or area where records relating to any activity of the Council, its partners, contractors or any body partly or wholly funded by the Council, are, or may be, held. This includes maintained schools. If necessary they can conduct searches of those areas, including cabinets, workspaces, desks for the purposes of locating documents or other material relevant to any matter under investigation. Where necessary they can remove and examine IT equipment.
- Have access to all records, data, computer systems, correspondence and any other source of information relating to any matter under examination and remove any documents and records as deemed necessary. This will include documentation held by schools in respect of organisations who are partners of the school or are providing services on behalf of the school.
- Require and receive such explanations as are considered necessary concerning any matter under examination.
- Require any person holding or controlling cash, stores or any other school property to produce such items for examination. These may be removed as deemed necessary.

6.3.4 The Chair of Governors must:

- consider and ensure Head Teachers and other school staff respond promptly to recommendations in both internal and external audit reports;
- ensure that agreed actions arising from the audit recommendations are carried out in a timely and efficient fashion;
- report to the Governing Body the reasons for any failure by Head Teachers, other school staff or governors to implement those audit recommendations.

6.3.5 Head Teachers must ensure that new systems for maintaining financial records, or changes to such systems, are discussed and agreed by the Head of Audit and Investigations prior to implementation.

6.4 Financial Irregularities

- 6.4.1 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Council or any suspected financial irregularity in the exercise of the functions of the Council, every employee has a duty to report such matters to their Manager. This includes anything that can detrimentally affect the Council's interests. The Manager concerned shall, as soon as the matter becomes identified, notify Audit and Investigations in line with the **anti-fraud framework** agreed at the full Council meeting in September 2008. Employees who feel unable to report matters to their line Manager are encouraged to contact the Audit and Investigations team directly. This applies equally in relation to Head Teachers and school staff.
- 6.4.2 In addition the Council has a Whistleblowing scheme, whereby employees can report their concerns in confidence. The Council has a statutory duty, under the Public Interest Disclosure Act 1998, to protect whistleblowers from recrimination. Details of the scheme can be found on the intranet or obtained from the Human Resources or Audit and Investigation teams.
- 6.4.3 Head Teachers must keep a service based register of gifts and gratuities received by officers.

6.5 Money and Banking

- 6.5.1 Head Teachers must ensure that adequate security arrangements exist for the holding of cash including controlling access to safes and other receptacles. At all times cash holdings should be kept to a minimum.
- 6.5.2 Each Head Teacher shall maintain such bank accounts as he/she, in consultation with the Chief Finance Officer and Director of Children and Families, consider necessary for the efficient operation of the school's finances under arrangements approved by the Chief Finance Officer.
- 6.5.3 Head Teachers are responsible for approving the authorised signatories to all bank accounts within their school and for ensuring that there is more than one signatory.
- 6.5.4 Arrangements should be made with the bank to provide statements of account, together with supporting documentation, at pre-determined intervals. To enable the Council's statutory accounts to be closed on a proper basis it is essential that a statement is obtained showing the position at the close of business on 31st March, or the last banking day prior to the 31st March.
- 6.5.5 Head Teachers shall maintain a cash book and other records of all transactions passing through those bank accounts and shall ensure that such records are balanced and reconciled at periods of no less than one month and that prompt action is taken on any discrepancy. A monthly bank reconciliation must be prepared as part of the financial reporting arrangements. Head Teachers are responsible for the effective management of cash flow through their bank accounts.
- 6.5.6 Imprest and petty cash bank accounts must not be overdrawn at any time. Head Teachers must ensure that their bank account(s) remain in credit.

6.6 Property, Stock and Equipment

- 6.6.1 Each Head Teacher is responsible for maintaining the security at all times of all land, buildings, stores, equipment and other property under their control. Head Teachers must ensure that land and buildings are adequately secured to prevent against unauthorised access or possession. Where Head Teachers feel that special security arrangements are required they should consult the Chief Finance Officer and/or the Director of Children and Families.
- 6.6.2 Head Teachers and Governors should annually review their use of property for the purpose of identifying surplus or inefficient properties.
- 6.6.3 The Chief Finance Officer shall maintain an appropriately valued asset register of all the Council's land and buildings. Head Teachers must maintain an inventory, of valuable goods and equipment. The inventory, which must be kept in a secure place, should include a full description of the items including a note of any security markings and identification numbers etc. Head Teachers should ensure that a comprehensive inventory check is carried out at intervals of no more than twelve months.
- 6.6.4 All assets should be held in the name of the Council or school and not in the name of individual officers or their post titles. It is important that valuable items are held in a secure environment commensurate with the value of the items and the cost of security. Large cash holdings should be kept in a suitable locked safe. Keys should be kept in a secure place or retained by the key-holder at all times. All officers should be aware that many documents such as cheque books, savings books, securities and order pads are the equivalent of cash and must be treated accordingly. It is not acceptable to leave safes unlocked during working hours or to leave cash holdings in unlocked desk drawers or filing cabinets. The Council's insurance policy may be invalidated if appropriate security measures are not taken.
- 6.6.5 Each Head Teacher shall be responsible for the care and custody of the stores held in their school, which should not be held in excess of economic requirements.
- 6.6.6 Each Head teacher shall make arrangements for a periodical test check of stocks under their control by a person independent of the 'store-keeper' and shall ensure that all stocks are checked at least once in each financial year.
- 6.6.7 A record shall be maintained by the designated member of staff (15.1) of all stocks and stores in a form approved by the Chief Finance Officer.
- 6.6.8 Each Head teacher shall provide the Director of Children & Families with such information as required on stocks and stores for accounting purposes.
- 6.6.9 Where it becomes necessary to hold property on behalf of a member of the public or another third party, an itemised inventory shall be maintained of all such items. Each Head Teacher shall make secure arrangements for such property and shall arrange for periodical checks by a person other than the employee responsible for the custody of the property.
- 6.6.10 Where school staff are required to take assets or equipment home, this shall be properly recorded on the inventory.

6.7 Sale of School and Council Assets – General Requirements

- 6.7.1 Land and buildings cannot be disposed of other than in accordance with Council procedures.
- 6.7.2 Head Teachers who determine that any asset with a resale value is surplus to requirements must record that fact in writing giving the reason. A disposal file must be held by all schools in which this and all other relevant information concerning the disposal is kept for future inspection.
- 6.7.3 Head Teachers must ensure that a member of school staff who determines that an asset is surplus to requirements or is involved in the disposal must never attempt to purchase it or take it for himself or herself. There must be a clear separation of duties here.
- 6.7.4 Head Teachers must appoint a single person responsible for disposal whose name must be clearly identified in the disposal file. He or she should be instructed in writing on the disposal and will be accountable to the Head Teachers and Governing Body for ensuring that disposal is for the best price reasonably obtainable.
- 6.7.5 All paperwork in connection with the disposal must be kept in the disposal file. The file should be kept for a period of six years after the disposal. The file should include at least:
- the Head Teacher's written record declaring the asset surplus, and instructions to the person appointed as responsible for the disposal;
 - the independent valuation;
 - the advertisement;
 - the offers made; and
 - the receipt.
- 6.7.6 In order to achieve the best price reasonably obtainable all assets for disposal with a value exceeding £500 must be subject to independent valuation and/or disposed of by way of either:
- competitive bids following advertisement;
 - auction;
 - or both.
- 6.7.7 Where the estimated value of the asset is less than £500, an independent valuation alone is acceptable provided the person giving the valuation is qualified to judge, is clearly identified in the disposal file, and is properly independent.
- 6.7.8 All assets should be offered to other schools before members of staff or the public. Information about the assets available should be circulated to all schools and adequate time allowed for them to make a bid. A sale may proceed to any person offering at or above the valuation. If there is competition, the sale should be to the highest bidder.

- 6.7.9 Where the estimated value of the asset exceeds £500, it should be advertised in such a way as to facilitate bids by other schools and potential purchasers outside the Council. Sale should proceed by way of submission of written bids, which name the purchaser. The sale may proceed to the highest bidder, unless this does not reflect the proper value of the asset.
- 6.7.10 Official receipts must be issued for income received. Moneys must be received and properly accounted for by someone who has not been involved in the disposal.
- 6.7.11 The Head Teacher must ensure the disposal is recorded on the school's inventory.

7. PROCUREMENT and CONTRACTS

- 7.1. Under the International Financial Reporting Standards (IFRS) contracts (works or services) may contain “embedded leases” that need to be disclosed. Contracts that require the use of specific assets (as defined by IFRS) are at risk and may contain such leases. These leases may not be visible or apparent and so contracts must be assessed by the Chief Finance Officer before being signed.
- 7.2 All procurement on behalf of the Council must, where applicable, comply with the EU Procurement Legislation, the Council’s Financial Regulations and Contract Standing Orders. Each Head Teacher shall maintain and supply the Chief Finance Officer with such information as is required for corporate compliance with these rules.
- 7.3 Where the estimated value of a proposed contract is less than £20,000 over the life of the contract (including any possible extension) each school has a duty to ensure that appropriate steps are taken to ensure value for money. This may be by obtaining three competitive quotes or another method that will ensure value for money.
- 7.4 Subject to all relevant legislation and EU procurement rules (where applicable) where the estimated value of a proposed contract falls between £20,000 and the threshold for services and supplies contracts under the EU Procurement Legislation (currently £156,442) over the lifetime of the contract (‘Low Value Contracts’) schools are required to seek at least three written quotations from potential providers and record the quotes sought and/or obtained.
- 7.5 Where the estimated value of a proposed contract exceeds the threshold for services and supplies contracts under the EU Procurement Legislation (currently £156,442) over the lifetime of the contract, there is a requirement that a competitive tendering exercise must be undertaken. This tendering exercise must be commenced by placing a contract notice in OJEU (Official Journal of the EU) where the EU Procurement Regulations apply in full to the procurement or where the Regulations do not apply in full, by advertising in a local newspaper and relevant trade journal in accordance with the Council’s Contract Standing Orders.
- 7.6 In the case of contracts for services or supplies with an estimated value exceeding £500,000 or £1 million for works (‘High Value Contracts’), the Executive is required to approve the procurement process before it is started (including authorising the invitation of expressions of interest and the criteria for short listing and evaluation) and the award of the contract.
- 7.7 When valuing a rolling contract with no defined termination date, the contract should be valued over a period of 48 months.

- 7.8 Decisions to invite expressions of interest, agree shortlists, invite tenders and award contracts for services or supplies with an estimated value of between £156,442 and £500,000 over the lifetime of the contract or works contracts with an estimated value of between £156,442 and £1 million ('Medium Value Contracts') may be made by the Governing Body or the Head Teacher (if he or she has been delegated power in that respect). Head Teachers and the Democratic Services Manager shall make appropriate arrangements for the receipt and opening of tenders that ensure that each tenderer is treated fairly and equally and the Council's interests are protected.
- 7.9 Where the estimated value of the contract exceeds £500,000 in the case of services and supplies or £1 million in the case of works, tenders shall be addressed to the Democratic Services Manager and the tender shall remain in his or her custody until the time for opening. Contracts with this value must also be opened and tender details recorded by the Democratic Services Manager and one other officer.
- 7.10 Contracts with an estimated value of between £156,442 and £500,000 for services or supplies or between £156,442 and £1 million for works over the term of the contract shall be addressed to the Head Teacher and remain in his/her custody until the time appointed for opening.
- 7.11 Subject to compliance with the EU Procurement Legislation, in cases of extreme urgency, e.g., where there is an immediate danger to life, limb or property, competitive tenders need not be invited in order to deal with the immediate urgent situation provided that advice is sought from the Director of Legal and Procurement.
- 7.12 Subject to compliance with the EU Procurement Legislation, where schools consider that there are good operational and/or financial reasons for not procuring and/or awarding a contract in accordance with Contract Standing Orders or Financial Regulations, a report should be submitted to the Executive seeking approval not to comply in these respects.
- 7.13 The Director of Legal and Procurement and Chief Finance Officer or his/her representative must be invited to be advisers to all Tender Panels for evaluation of High Value Contracts, i.e., contracts for services or supplies with a value in excess of £500,000 and works with a value in excess of £1 million.
- 7.14 Each Head Teacher shall maintain a record of all tenders invited and received by them and of all contracts entered into on behalf of the Council and shall record the reasons for non acceptance of a tender or the rejection of a contractor who has not been included in a tender short list.
- 7.15 No contract subject to the full application of the EU Regulations shall be awarded without the mandatory 10 days standstill period being complied with.
- 7.16 Where a contract exceeds £500,000 in value or is likely to exceed that amount it shall be contained in a formal document under seal.
- 7.17 Every member of staff has a legal and personal duty to notify the Chief Executive in writing immediately if he or she discovers that the school or the Council has entered or intends to enter into a contract in which he or she has a direct or indirect pecuniary interest. Further guidance on this matter can be sought from the Director of Legal and Procurement.

8. INVESTMENTS AND TRUST FUNDS

- 8.1 All investments of money under its control shall be made in the name of the school where legally possible.
- 8.2 All securities being the property of, or in the name of, the school shall be held in custody under safe arrangements previously made or agreed by the Director of Children and Families.
- 8.3 All trust funds held by the school shall, where legally possible, be in the name of the school.
- 8.4 All officers acting as trustees by virtue of their official position shall deposit all securities, certificates and similar documents relating to the trust in accordance with prior arrangements approved by the Director of Children and Families subject to advice from the Chief Finance Officer unless any trust deed otherwise provides.

9. CUSTODY OF THIRD PARTY PROPERTY

- 9.1 Where it becomes necessary to hold property on behalf of a member of the public or other third party, an itemised inventory shall be maintained of all such items.
- 9.2 The Head Teacher shall make secure arrangements for the custody of such property, including cash, and shall arrange for periodic checks by a person other than the employee responsible for its custody.

10. ESTATES

- 10.1 The Director of Legal and Procurement shall have custody of all title deeds and shall make secure arrangements for their custody.
- 10.2 Where a school proposes to build another building, the matter shall be referred to the Director of Legal and Procurement for advice as to the legal effect of the transaction.

11. RETENTION OF DOCUMENTS

- 11.1 The following items must be retained indefinitely or during the whole of the school's possession of the relevant asset and for **twelve** years afterwards:
- Property deeds, contracts and leases relating to land and buildings in the ownership or occupation of the Council or Governing Body.
 - Share certificates, stocks, bonds and other securities together with any appropriate contracts of purchase or sale.
 - Guarantees, indemnities, insurance policies.
- 11.2 All other contracts carried out under the seal of the Council must be retained for **twelve** years after completion of the contract.
- 11.3 Local authorities are required by statute to retain all accounting documents for a minimum of six years. The statute of limitations for contracts not under seal applies for six years after completion of the contract. In addition HM Revenue & Customs may inspect documents for periods of six years. Officers can be held personally liable where documents required are not available. In order to give effect to these requirements the following documents must be retained for a minimum of **six** years:

- All accounting documents including invoices, contract certificates, paid cheques, bank statements;
 - Debtor accounts, income receipts and associated documents;
 - All contracts not under seal for works, goods or services (six years after completion of the contract);
 - All tender and related documents (six years after completion of the contract);
 - Details of salaries, wages and superannuation payments including particulars of pay calculations, copy payslips, P60 documents.
- 11.4 Audit and Investigations must be consulted before Head Teachers copy documents not previously copied or use a new method to ensure such methods would be accepted for evidence purposes.
- 11.5 Head Teachers shall nominate a member of school staff to make safe arrangements for the storage and review of information. All records must be properly indexed to allow efficient recovery.

Required Financial Practice Notes

1. INTRODUCTION

1.1 These Financial Practice Notes represent mandatory practice that must be followed. They are maintained by the Chief Finance Officer and must be followed by all officers of the Council whether directly employed, contracted or employed through an agency in their conduct of financial and related matters. They detail the controls and process required over the following areas of financial activity:

- revenue budgets
- the capital programme
- financial systems and accounting
- procurement & contracts
- orders & payments
- expenditure items
- income and debt
- external arrangements
- risk management and control of resources
- retention of documents

2. REVENUE BUDGETS

2.1 General Provisions

2.1.1 The consolidated budget estimate report to the executive should include the allocation of resources to different services and projects, proposed taxation levels and contingency funds and balances. The report should also include a budget plan for at least the next three years

2.1.2 The HRA should include proposed rent levels, proposed service charge levels, estimates of expenditure and resources over 3 years

2.2 Setting the Revenue Budget

2.2.1 Service Area draft budgets must be submitted to the Chief Finance Officer in accordance with the prescribed timescale, cash limit and in compliance with the budget setting guidelines issued annually by the Chief Finance Officer.

2.2.2 The standard budget types are original budget, internal virements, external virements and current budget. These shall all be recorded in the general ledger.

2.3 Budget Monitoring & Forecasting

2.3.1 Virements can be

- (a) within a part of the budget under a budget holders direct control
- (b) within a Departmental Service Area
- (c) between Service Departments or

- (d) the allocation of new resources by Full Council during the year. Where these occur they must comply with the relevant Standing Orders and the Scheme of Transfers and Virements.
- 2.3.2 All virement movements will be made by journal and must contain adequate narrative and be supported by accurate working papers.
- 2.3.3 Each subjective code (or project code) must have a budget entered into the general ledger
- 2.3.4 Each single cost centre must have a single named Budget Holder
- 2.3.5 Each budget must have an accurate budget profile entered within the general ledger
- 2.3.6 A budget monitoring statement and performance data must be reported to the service area management team on a monthly basis.
- 2.3.7 Budget monitoring statements should set out; spend to date, Budget to date, variance year end forecast, total budget and should include systems generated accruals and commitments. .
- 2.3.8 Budget performance statements should include target outputs for year, outputs to date etc etc
- 2.3.9 All monitoring statements should be available to the CFO by the 10th working day of each month.
- 2.3.10 All budget variances (i.e. forecast overspend or forecast reductions in income) must be reported.
- 2.3.11 Budget forecasts should be prepared in accordance with forecasting guidelines issued by the CFO

2.4 Budget Overspends

- 2.4.1 An overspend must be dealt with by action to correct it. This may mean changing policy, service levels and staffing levels or virements from elsewhere.
- 2.4.2 Where the action to be taken to control overspends or to meet any new expenditure involves the application of “compensating savings” or being “met within existing budgets” then the precise budget heads must be identified and detailed. Any service implications must be fully stated. If details are not provided then the action will not be regarded by the CFO as satisfactory
- 2.4.3 Any overspend of controllable expenditure has the effect at outturn of reducing the Councils balances. Subject to any decision to the contrary by Full Council the service responsible for the overspend will be required to replenish the Councils balances from its own resources in the following year.

2.5 Budget surpluses/ under spends

- 2.5.1 A surplus/underspend is only achieved after all items of expenditure and income relating to the year have been accounted for in full and proper allowance has been made for any uncollectable debts and disputes in relation to creditors and any Reserves and Provision established by the CFO under the scheme of Transfers & Virements

- 2.5.2 No budget holder should incur expenditure or raise any commitment for the purpose of avoiding a surplus position. This includes transferring of funds to external partners or agencies.

3. THE CAPITAL PROGRAMME

- 3.1 The Capital Programme comprises of capital schemes that incur expenditure on assets which will provide economic benefits in future years (e.g. service provision, or reduction in expenses). Assets include plant, property, and equipment, and intangible assets such as software.

3.2 Authorisation and Financing

- 3.2.1 Approval from the Executive is necessary for all capital schemes. Until approval of the Executive is granted there is no authority to incur expenditure on capital scheme other than those costs involved in preparing the scheme and its estimate, i.e. fees for architects, quality surveyors and engineers.
- 3.2.2 Once approved by the Executive, expenditure can only be incurred if the Council's Contract Standing Orders have been complied with.
- 3.2.3 When resources have been allocated by the Executive, each service area must prepare a draft programme within the following constraints:
- it should not exceed the capital resources allocated for the financial year,
 - the expenditure must comply with the definition of capital expenditure and the criteria set by Government Departments for grant and other funding regimes,
 - commitments in future years must not exceed the budget agreed by the Council, and
 - any 'ring fenced' allocations must be maintained.
- 3.2.4 Draft programmes must be submitted to the Executive for approval. The report must seek individual scheme approval and must provide timely and accurate information that includes:
- a detailed appraisal of the all proposed schemes in financial terms. The financial merits and disadvantages of each scheme must be made clear to Members. This may include the use of techniques such as discounted cash flow or cost benefit analysis and must consider whole life costs and alternative procurement mechanisms.
 - where a scheme impacts upon residents and/or businesses in Brent, an appraisal of the impact of the proposal in social terms: the social merits and disadvantages of each scheme must be made clear to Members,
 - the total cost of the scheme and the phasing of these costs where they extend beyond one year.
 - any revenue costs associated with the asset including running costs and capital charges.
 - the service outputs expected from the capital investment.
 - a risk analysis dealing with the development, construction, funding, and future service and revenue impacts of the scheme.
 - where required by the Executive, block allocations should be broken down to scheme level and prioritised in accordance with policy guidelines.

- 3.2.5 All transfers and virements must be in accordance with the scheme of transfers and virements and any relevant standing orders. Any variation from the scheme of Transfers & Virements requires the approval of Full Council.
- 3.2.6 Adjustments to Service Area capital programmes can be made during the year to reflect changes, for example in priority or the resources available provided that such adjustments are made in accordance with the Scheme of Transfers and Virements in this part of the Constitution.
- 3.2.7 Provision for costs associated with final accounts or retentions are the responsibility of service departments and are required to build in budgets for this purpose
- 3.2.8 Post completion reviews must be undertaken for all schemes valued in excess of £500k.
- 3.2.9 Adequate option appraisal must be undertaken on all individual schemes valued in excess of £500k. This should include design & construction options together with likely cost implications, contract procurement options and funding options.

3.3 Underspends and Slippage

- 3.3.1 Slippage on scheme budgets identified at year end will be treated as if an underspend. During the year they will be allowed to be carried forward where there is an existing contractual agreement for the provision of the works related to the scheme or where the scheme covers more than one financial year and costs are being re-phased.
- 3.3.2 Expenditure will be treated as an overspend where a project is financed and by a grant, and slippage has occurred so that expenditure intended to be funded by the grant occurs after the deadline permitted by the grant,.

3.4 Capital Expenditure

- 3.4.1 Orders placed and payments made shall be the same as in **Orders & Payments**.

4. FINANCIAL SYSTEMS AND ACCOUNTING

4.1 Accounting Systems and Procedures

- 4.1.1 All officers involved in operating accounting systems and undertaking financial procedures must receive proper assessment of their financial skills and learning and development needs.
- 4.1.2 An annual “Closing Your Accounts” document will detail all end of year reporting requirements.
- 4.1.3 Users of the financial system will be allocated responsibilities covering the functions detailed below. Proper segregation of duties must be maintained at all times. The valid responsibilities cover-

| | Accounts Payable | Accounts Receivable | General Ledger | Cash Management |
|------------------------|-------------------------|----------------------------|-----------------------|------------------------|
| Responsibility: | | | | |
| Input | Yes | X | X | X |
| Payment | Yes | X | X | X |

| | | | | |
|------------------|-----|-----|-----|-----|
| Validation | Yes | X | X | X |
| Entry | X | Yes | X | X |
| Remittance | X | Yes | X | X |
| Journal entry | X | X | Yes | X |
| Journal approver | X | X | Yes | X |
| User | X | X | X | Yes |
| Inquiry | Yes | Yes | Yes | Yes |

4.2 Accounts and Accounting Policies

4.2.1 Where accounting records are held or bank accounts maintained, the responsible officer shall:

- Prepare accounting statements as directed by the CFO
- determine month and year end debtors/creditors/prepayments and receipts in advance.
- ensuring that accounting policies are adhered to and applied consistently,
- ensuring compliance with the *Closing Your Accounts* document and agreed timetables,
- ensuring they are maintained, securely held, complete and accurate.
- Reconcile the accounts payable and receivables with the general ledger
- That VAT, Income Tax and other statutory additions deductions are properly calculated and accounted for on all transactions where appropriate.
- supply the CFO with such details of statutory additions/deductions as are required to meet the appropriate accounting requirements and enable the submission of statutory returns.
- ensure that bank accounts under their control are reconciled. That Debtor & Creditors Accounts, VAT and Payroll are reconciled on a regular monthly basis and at the end of each financial year and that holding Accounts and Suspense Accounts must be cleared on a regular monthly basis and, if there is any balance at the end of the financial year, this must be justified.
- Ensure journal entries are properly evidenced to incorporate adequate explanatory narrative and cross-referenced to proper working papers.
- Ensure supporting documentation and audit trail to justify figures in accounting statements
- Ensure supporting documentation is retained for inspection for a period complying with the rules on retention of documents.

5. PROCUREMENT, CONTRACTS & LEASING

5.1 In order to ensure compliance with the prudential framework, officers may not enter into any leasing agreements or any other loan or financing arrangements for the acquisition of property, vehicles, plant or equipment without the prior consent of the Chief Finance Officer.

5.2 Under the International Financial Reporting Standards (IFRS), contracts may contain embedded leases. Any contract that requires the use of specific assets (as defined by IFRS) may contain a lease. These contracts will have to be assessed by the CFO.

5.3 Agreements utilising specific assets may not be entered into without the prior consent of the CFO.

- 5.4 The financial impact of any contract variation or amendment must be determined. Adequate budget cover must be demonstrated and the impact reported to the Service Area Director before any change is made.
- 5.5 Any departure from the blue book must be agreed with the relevant manager, notified to the Chief Finance Officer and the reasons for departure recorded in the contract file. Elements of this guidance set out legislative requirements and the Council's own rules. These elements are highlighted within the Guidance and compliance with these elements is mandatory in order to avoid the Council acting illegally and cannot be departed from in any circumstances. The guidelines cover the following topics; Legal and Regulatory Framework; Procurement without Formal Tendering; Formal Tendering; Contract Management and Termination and Works contracts using the JCT
- 5.6 A copy of all contracts shall be retained by the issuing service.. Any subsequent variation or amendment to a written contract shall be made only by those staff authorised to do so and changes formally noted and recorded.
- 5.7 The acquisition of IT hardware, software or services must be made through the Head of ITU

6. ORDERS & PAYMENTS

6.1 Orders

- 6.1.1 Official orders must be issued to suppliers for all work, goods or services to be supplied to the Council at the time the order is agreed. Officers must not place orders for private use
- 6.1.2 All requisitions/orders must be approved by the Budget Holder in the first instance and then follow the systems scheme of delegation through the approval levels. The council's standard approval hierarchy must be complied with.
- 6.1.3 Officers approving requisitions/orders must ensure that:
- value for money has been obtained in the purchasing of all goods and services;
 - the requisition is lawful expenditure and be satisfied that the goods and services ordered are appropriate and needed;
 - the correct code has been used to charge that expenditure;
 - that adequate budget exists;
 - necessary quotations or tenders have been received;
 - VAT amounts have been entered correctly
 - be satisfied that any contractor is technically competent, has sufficient financial standing to carry out the work and can produce work, goods and services to the required quality;
 - Full and accurate details of the supplier have been captured.
- 6.1.4 All goods and service received must be receipted on the procurement system by officers authorised to do so. Receiptors must inspect the goods and service and receipt only those items actually received.
- 6.1.5 Any variations to orders must be input into the procurement system and approved. Cancelled orders must be actioned on the system promptly.
- 6.1.6 Retrospective orders shall not be made unless covered by circumstances agreed by the Chief Finance officer

6.2 Payments

- 6.2.1 No payment shall be made unless supported by an invoice, a direct expenditure form or a CHAPS request.
- 6.2.2 Where orders have been raised through the procurement system the corresponding invoice must match the invoice before it is paid. Matching items must be the purchase order number, the quantity and the net amount.
- 6.2.3 The invoice will be scanned into and then matched within the system. Fully matched invoices will be passed for payment. Partially matched invoices will be manually matched following investigation and resolution of unmatched lines.
- 6.2.4 Those officers responsible for invoice or DEP entry, manually matching invoices, validating or preparing payment runs must not have any responsibilities within the procurement system or for raising payment requests.
- 6.2.5 Payments put on hold by the system must be investigated and resolved and can then only be released for payment by validators
- 6.2.6 Where an invoice is received relating to services or works procured outside of the procurement system then it must be directly input into the Accounts Payable only after it has been matched to supporting information and certified by the budget holder. Except in an emergency the invoice must not be a photocopy or faxed
- 6.2.7 Internally generated payment are known as Direct Expenditure Payments and must be directly input into the Accounts Payable after an approved payment request form has been received and adequate supporting information has been provided.
- 6.2.8 Where an invoice is received outside of the procurement system or an DEP is raised both documents must be:
- Checked to ensure it is properly payable, arithmetically correct and includes the appropriate VAT details;
 - Marked to demonstrate compliance with the above and authorised for payment by an appropriate officer;
 - Certified to show it has been checked to ensure it has not been previously paid and that it is coded correctly.
- 6.2.9 Those officers responsible for validation must ensure that all invoices “on hold” are investigated and resolved before they are released for payment.
- 6.2.10 When validators are validating payment batches they must check to ensure that all invoices contained within a batch have been matched to PO’s or properly released from hold before validating the payment batch. The payment batch must be reconciled to the control value and total number of invoices to be paid.
- 6.2.11 Those officers authorised as BAC’s signatories shall ensure that batch totals and values are correct. The officer can sample check individual items and has a right to query an payment or request any information they deem necessary.
- 6.2.12 Those officers signing cheques shall satisfy themselves that the payment has been properly approved.

- 6.2.13 Internal trading or recharge transactions shall be undertaken by journal transfer.
- 6.2.14 In cases where goods are ordered from abroad it may be necessary to make a payment in a foreign currency. These arrangements should always be made through the Council's bank using GPC card, Bank-line or Foreign Draft.
- 6.2.15 Payments to self-employed persons employed by Units, as consultants or temporary workers must be treated with extreme care. Before paying an invoice to a self employed person the paying unit must satisfy themselves of the tax status of the person. If in any doubt the person must be paid through the payroll.
- 6.2.16 For payments where interest is payable, income tax must be deducted from the interest at the prevailing rate. A certificate of deduction of income tax must be completed and sent to the payee.

7. EXPENDITURE ITEMS

7.1 GPC / Business credit cards /Pre pay cards

- 7.1.1 The cardholder must be an employee of the Council
- 7.1.2 These cards must only be used for the purpose detailed on the application form
- 7.1.3 The application must be approved by the budget holder and the Finance Business Partner to confirm usage is for a valid purpose. All applications must be signed by a principal signatory.
- 7.1.4 Card users must:
- Keep their cards and PIN numbers securely
 - Not exceed the transactional or total spend limits agreed
 - Notify the bank immediately of any suspected fraudulent activity or loss of the card. A replacement card must always be requested
 - Cancel and return their cards upon leaving the employment of the council
- 7.1.5 GPC and credit cards must not be used for drawing cash
- 7.1.6 The budget holder and Finance & Corporate Service must review usage to ensure cards are not being misused.

7.2 Payroll

- 7.2.1 All payments to employees and former employees of salaries and wages - including London Weighting - overtime, fees, commissions, bonuses, performance related pay, contract additions, leased car allowances, honoraria, sickness payments - including SSP and SMP - holiday pay, pensions compensation, other emoluments and other taxable and/or superannuable payments must be made through the payroll system. They must not be paid out of petty cash, or through Account Payable. This is essential to ensure that all statutory deductions and pension contributions are correctly made and paid over.
- 7.2.2 Any payments made to employees, which are taxable benefits but are not made through the payroll system, must be declared to the HM Revenue & Customs via the P11d return.
- 7.2.3 In no circumstances may a member of staff authorise or process a transaction in relation to their own remuneration

- 7.2.4 All appointments must be made in accordance with the framework of terms and conditions, including grading structures and pay scales, approved by the General Purposes Committee (and available from Human Resources)
- 7.2.5 Officers exercising monitoring of payroll should not be able to authorise payments of the same.
- 7.2.6 All car mileage payments must be made through the payroll. Car mileage claim forms must be sent to Payroll Section with a valid cost code.
- 7.2.7 It is the responsibility of the Manager to ensure that settlement of any Council loans is agreed when completing the leaving notice. A copy of the notice must be sent to Finance & Corporate Services if the leaver has an outstanding loan.

7.3 Compensation

- 7.3.1 All payments shall be requested using the DEF and made through the Finance Service Centre. They should be suitably approved and supported documentation or case reference attached.

7.4 Officer Expenses Claims

- 7.4.1 All repayment of officer expenses shall be through the Finance Service Centre using the DEF. They should be suitably approved and have attached supporting documentation.
- 7.4.2 Reimbursement of expenses must be paid through BAC'S
- 7.4.3 Employee mileage claims must be paid through payroll

7.5 Petty Cash

- 7.5.1 Where approved it must be operated and controlled in accordance with instructions issued by the CFO.

7.6 Internal Trading & Recharging

- 7.6.1 Any trading surpluses shall be retained for the benefit of the authority and their application shall require the approval of the Chief Finance Officer.

8. INCOME & DEBT

8.1 Income - General

- 8.1.1 Wherever possible, income should be collected prior to or at the point of delivery of service.
- 8.1.2 Unless approved by the CFO, invoices raised for the collection of income must be done so in or reflected in Accounts Receivable.
- 8.1.3 Where invoices are raised the correct charge for VAT should be levied. Where invoices are for the collection of income they must be issued promptly.
- 8.1.4 All income received on behalf of the Council shall be paid into the central bank account without delay and a proper allocation code should be used. Income must be receipted against AR invoices at the time the money is banked.

- 8.1.5 Third party and personal cheques must not be cashed from moneys held on behalf of the council.
- 8.1.6 A numbered receipt must be issued for all items of income collected on behalf of the Council in cash. With the exception of tickets, a copy of each receipt must be kept. All forms of receipt must be treated as controlled stationery, i.e. numbered and kept in a secure place with all issues recorded.
- 8.1.7 Receipts must be properly accounted for and accounts reconciled on a regular basis. Any major discrepancies in income collected against that banked must be immediately investigated and notified to Audit and Investigations.
- 8.1.8 Cash should be banked as soon as possible after receipt and should be held in a secure place until banked. Each Manager must advise the Chief Finance Officer of their arrangements so that insurance cover can be effected on cash in transit and income limits on safes etc. can be observed.
- 8.1.9 As far as possible the responsibility for raising an invoice should be separate from that of determining amounts due. Within the system those responsible for invoice entry shall be separate from those responsible for remittance i.e. the matching of invoices and the allocation of amounts.
- 8.1.10 All debt over 30 days should be passed to the Finance & Corporate Services debt recovery team unless alternative arrangements are approved by the CFO

8.2 Income – Grants

- 8.2.1 All bids to Government Departments for grant or other funded programmes shall be made by the relevant officer in the appropriate Unit. The Chief Finance Officer should be informed of by the responsible person in advance of any bid so the process can be co-ordinated.
- 8.2.2 When grant claims are made the responsible officer must ensure:
- all eligible expenditure is taken into account
 - that grant claim submission dates are met.
 - that an adequate audit trail exists from the claim to the general ledger.
 - Adequate working papers are kept showing any apportionments.

8.3 Income – Bad Debts and Write Offs

- 8.3.1 Bad debt provisions must be made net of VAT.
- 8.3.2 Debts should not be written off until all appropriate recovery action has been exhausted.
- 8.3.3 Debt deemed to be irrecoverable must be written off at the earliest opportunity
- 8.3.4 A decision to write-off a debt must be taken independently of the person responsible for debt collection.
- 8.3.5 Write offs must be charged against a specific provision or to the revenue account.

9. EXTERNAL ARRANGEMENTS

9.1 Accountable Body and Partnership Arrangements

9.1.1 Those responsible for making applications must provide to the Chief Finance Officer (unless they confirm in writing this is unnecessary in the particular case):

- evidence of scheme appraisal for financial viability in both the current and future years;
- a risk appraisal including a management action schedule and a statement setting out the internal control framework;
- confirmation of funding streams, the level on contribution and how they have been determined;
- evidence of the funding agreement, including the treatment of any under or overspending;
- in the case of partnership arrangement, details of service continuation proposals upon expiry;
- evidence of the financial viability of any partners;
- details of any performance/output standards that must be achieved and who will monitor them;
- details of the agreed audit arrangements;
- the protocol for any disputes;
- the arrangements put in place for the review of inflation and efficiency saving;
- which assets will be used and who will own them.

9.1.2 In addition, where the arrangement includes a pooled budget then the Chief Finance Officer must be notified of who will be the lead & host authority, who will be the pooled budget manager and the provisions of the agreement.

9.1.3 Those responsible for monitoring and validating such arrangements should :

- Maintain a register of all arrangements and retain the agreements;
- Ensuring that all statutory accounting requirements are identified and that adequate accounting arrangements are made such that all expenditure and income is properly incurred/received and recorded;
- Ensuring that such arrangements do not impact adversely upon other services provided by the Council.
- ensure that the receipt of any external funding does not lead to a resource commitment in future years that does not have a sustainable funding source. The Chief Finance Officer must be advised of any such arrangements prior to entering into the same.

9.1.4 Those responsible for expenditure funded wholly or partly by central government and or other external bodies/partners must ensure that:

- all funding notified by external bodies is received and properly recorded in their accounts;
- the match funding requirements are considered prior to entering into agreement and that future revenue budgets reflect these requirements;
- service output targets/requirements can be met and that adequate arrangements are put in place for their monitoring and reporting;
- any audit requirements are met.
- any other conditions associated with the funding are achievable and complied with.

9.2 Provisions of Goods, Services and works to Other Bodies

- 9.2.1 Reports to the Executive (or if appropriate the General Purposes Committee) on such proposals must include legal advice prepared by the Borough Solicitor indicating whether the Council has legal powers to enter the contract, an explanation of the business risks associated with entering the contract and a full analysis of the financial impact.
- 9.2.2 The Chief Finance Officer must be informed of any proposed arrangements and shall agree all financial arrangements made prior to approval by the Executive, Full Council (or if appropriate the General Purposes Committee).
- 9.2.3 Those responsible for the maintenance and control of such contracts must:
- ensure that appropriate insurance arrangements are made;
 - ensure that all potential risks are identified and action taken to maintain them
 - wherever possible, payment is received in advance of the delivery of the service;
 - ensuring that such contracts do not impact adversely upon the services provided by the Council;
 - maintaining proper contractual documentation;
 - proper accounting and reporting arrangements exist.

9.3 Grants to Outside Bodies

- 9.3.1 Grants must be distinguished from contracts and it is essential that officers entering into grant arrangements carefully consider whether or not the Council wishes to enter into contractual relations with the recipient of money from the Council. It may be the case that a grant is not appropriate in certain circumstances, in which case a contract should be used.
- 9.3.2 Where grants are to be given, those officers responsible for administering and monitoring must:
- ensure that the organisation in receipt of the grant adheres not only to the Council's agreed "Standard Conditions Of Grant Aid" but also to any further specific conditions over and above those which are standard. Where there is a detailed grant agreement the Standard Conditions themselves need not be incorporated into the agreement provided the Borough Solicitor is satisfied that the grant agreement contains equivalent provisions.
 - ensure that there is a proper system in place to ensure that the Council is gaining value for money through its grant process. This gives rise to the necessity of having a robust monitoring, evaluation and reporting structure in place.
 - that the money paid must be into a UK bank account the records relating to which the Council can inspect.
 - ensure that adequate controls are included in all procedures to safeguard the Council, its resources and its assets from fraud or loss.

10. RISK MANAGEMENT AND CONTROL OF RESOURCES

10.1 Financial Irregularities

- 10.1.1 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Council or any suspected financial irregularity in the exercise of the functions of the Council, every employee has a duty to report such matters to their Manager. This includes anything that can detrimentally affect the Council's interests. The Manager concerned shall, as

soon as the matter becomes identified, notify Audit and Investigations in line with the **anti-fraud framework** agreed at the full Council meeting in September 2008. Employees who feel unable to report matters to their line Manager are encouraged to contact the Audit and Investigations team directly.

- 10.1.2 In addition the Council has a Whistleblowing scheme, whereby employees can report their concerns in confidence. The Council has a statutory duty, under the Public Interest Disclosure Act 1998, to protect whistleblowers from recrimination. Details of the scheme can be found on the intranet or obtained from the Human Resources or Audit and Investigation teams.

10.2 Money and Banking

- 10.2.1 At all times cash holdings should be kept to a minimum. Large cash holdings should be kept in a suitable locked safe. Keys should be kept in a secure place or retained by the key-holder at all times. All officers should be aware that many documents such as cheque books, savings books and securities are the equivalent of cash and must be treated accordingly. It is not acceptable to leave safes unlocked during working hours or to leave cash holdings in unlocked desk drawers or filing cabinets. The Council's insurance policy may be invalidated if appropriate security measures are not taken.

- 10.2.2 Unless specifically agreed by the Chief Finance Officer, bank accounts must be held in the name of the London Borough of Brent at the designated branch of the Council's bank.

- 10.2.3 The council operates one main bank account for all of its operational activities. The use of additional accounts must be approved by the CFO.

- 10.2.4 Those responsible for managing bank accounts shall maintain proper accounting records and must balance and reconcile at periods of no less than one month. Prompt action must be taken on any discrepancy. Where possible bank accounts must be reconciled on a daily basis.

- 10.2.5 Arrangements should be made with the bank to provide statements of account, together with supporting documentation, at pre-determined intervals. To enable the Council's statutory accounts to be closed on a proper basis it is essential that a statement is obtained showing the position at the close of business on 31st March, or the last banking day prior to the 31st March.

- 10.2.5 Imprest and petty cash bank accounts must not be overdrawn at any time. Effort should be made to keep bank account(s) in credit.

10.3 Money Laundering

- 10.3.1 Officers must report to the Chief Finance Officer any transactions including the suspected proceeds of crime or terrorist funds. Such transactions may seek to conceal, convert, transfer or remove criminal property or may facilitate the acquisition, retention, use or control of criminal property by or on behalf of another person.

- 10.3.2 Officers must also report any high value cash transactions (or potential or rumoured transactions) and employers should not accept cash payment in excess of £10,000 without the prior consent of their manager.

10.4 Property, Stock and Equipment

- 10.4.1 Where special security arrangements are required officers should consult the Chief Finance Officer.
- 10.4.2 All inventories must be kept in a secure place, they should include a full description of the items including a note of any security markings and identification numbers etc.
- 10.4.3 All assets should be held in the name of the Council and not in the name of individual officers or their post titles. It is important that valuable items are held in a secure environment commensurate with the value of the items and the cost of security.
- 10.4.4 Those responsible for the care and custody of the stores must:
- Where they are financially significant ensure they are included within the balance sheet.
 - make arrangements for a periodical test check of stores under their control by an independent person and shall ensure that all stores are checked at least once in each financial year.
 - provide the Chief Finance Officer with a certificate of stores, as at 31st March each year, for accounting purposes.
 - periodically review the value of holdings of stores in the light of turnover and cost.
- 10.4.5 Where it becomes necessary to hold property on behalf of a member of the public or another third party an itemised inventory shall be maintained of all such items. Those responsible shall make secure arrangements for such property and shall arrange for periodical checks by a person other than the employee responsible for the custody of the property.
- 10.4.6 Where officers are required to take assets or equipment home, this shall be properly recorded on the inventory.

10.5 Sale of Council Assets – General Requirements

- 10.5.1 The correct disposal procedures must be followed, best value must be obtained and the Council's interests protected.
- 10.5.2 Where land, buildings and equipment are to be disposed of, the Chief Finance Officer must be informed so that appropriate adjustments can be made to the asset register. A full description, sale value and date of completion must be submitted.
- 10.5.3 Any officer who determines that an asset is surplus to requirements or is involved in the disposal must never attempt to purchase it or take it for himself or herself. There should be a clear separation of duties here.
- 10.5.4 A single person must be responsible for disposal whose name must be clearly identified in the disposal file. He or she should be instructed in writing on the disposal and will be accountable to the Council for ensuring that disposal is for the best price reasonably obtainable.
- 10.5.5 All paperwork in connection with the disposal should be kept in a disposal file. The file should be kept for a period of six years after the disposal. The file should include at least:

- the Manager's written record declaring the asset surplus, and instructions to the person appointed as responsible for the disposal;
 - the independent valuation;
 - the advertisement, the offers made and the receipt.
- 10.5.6 In order to achieve the best price reasonably obtainable all assets for disposal must be subject to independent valuation and/or disposed of by way of either competitive bids following advertisement or subject to auction; or both.

10.6 Disposal of Equipment and Stock

- 10.6.1 All IT hardware and software must be returned to the Head of ITU for the appropriate disposal arrangements to be made
- 10.6.2 Where the estimated value of the asset is less than £500, an independent valuation alone is acceptable provided the person giving the valuation is qualified to judge, is clearly identified in the disposal file, and is properly independent.
- 10.6.3 All assets should be offered to other service units before members of staff or the public unless they have a value of £500 or more. Information about the assets available should be circulated to all Units and adequate time allowed for them to make a bid. A sale may proceed to any person offering at or above the valuation. If there is competition, the sale should be to the highest bidder.
- 10.6.4 Where the estimated value of the asset exceeds £500, it should be advertised in such a way as to facilitate bids by other service units and potential purchasers outside the Council. Sale should proceed by way of submission of written bids, which name the purchaser. The sale may proceed to the highest bidder, unless this does not reflect the proper value of the asset.
- 10.6.5 Official receipts must be issued for income received. Moneys must be received and properly accounted for by someone who has not been involved in the disposal.
- 10.6.6 Where the total amount received is less than £1,000 then this should accrue to the general balances of the unit.
- 10.6.7 Disposal must be recorded on the Unit's inventory.

10.7 Disposal of Land and Buildings

- 10.7.1 Disposal reports to Executive must include:
- why and how the proposed disposal satisfies any applicable consent.
 - the original valuation of the property and the recommended disposal value. Any significant variances should be explained.
 - any other terms relating to the disposal.
 - the reasons for the disposal and any impact on Council services.
 - consideration of any alternative uses for the asset including use by another service area.
- 10.7.2 The Chief Finance Officer shall be notified of any proposed disposal for entry in the Council's assets register and for referral to the Capital Board.

10.7.3 All disposal receipts are a corporate resource and must be paid into the Council's Central bank account. The allocation of these receipts shall be considered by the Capital Board. Managers should not assume any amounts for ring fencing as the re-investment of reserves shall be made on a prioritised basis according to the capital asset management plan.

10.8 Treasury Management

10.8.1 Through good practice the responsible officer will prepare and maintain:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), stating the policies, objectives and approach to risk management of its treasury management activities

10.8.2 The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of CIPFA's Treasury Management Code of Practice, subject only to amendment where necessary to reflect the particular circumstances. Such amendments will not result in any material deviation from the Code's key principles.

10.8.3 The full council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid year review and an annual report after its close, in the form prescribed in its TMPS. The Audit Committee will receive regular reports on Treasury Management Activity.

10.8.4 All borrowing shall be in the name of the Council and in accordance with the Council's Treasury Management Policy

10.8.5 All investments shall be made in line with the Council's Treasury Management Policy. All investments shall be effected by the Chief Finance Officer or under arrangements approved by him/her. All investments shall be made in the name of the Council or in the name of nominees approved by the relevant committee.

10.8.6 All Trust Funds held by the Council shall, where legally possible, be in the name of the Council. Officers acting as trustees by virtue of their official position shall deposit all securities and similar documents relating to the Trust under arrangements approved by the Chief Finance Officer unless the Trust Deed provides otherwise.

10.9 Financial Implications within Reports

10.9.1 All reports must contain a section on financial implications even if this is to state that there are no direct implications from agreeing the recommendations. In cases where there are such implications these should be fully explained to Members.

10.9.2 The financial implications of any new proposal should set out:

- Its cost in the current and future financial years, and the basis on which that cost has been calculated;
- The proposed funding source, indicating either that it can be met from existing resources or what compensating savings will also have to be agreed; and
- If additional resources are required clear detail indicating what part of the cost is additional, and the policy and service implications of both not proceeding and funding the proposal from within existing resources.

- 10.9.3 Consultation should begin at the earliest stage where there a reference for additional funding or there are major financial issues already identified.
- 10.9.4 A copy of the draft report containing financial implications must be provided reasonable time to allow appropriate consideration.
- 10.9.5 In all cases failure to provide financial implications in the prescribed manner means that expenditure approval has not been given, and any expenditure that takes place is unauthorised.

10.10 RETENTION OF DOCUMENTS

- 10.10.1 The following items must be retained indefinitely or during the whole of the Council's possession of the relevant asset and for **twelve** years afterwards:
- Property deeds, contracts and leases relating to land and buildings in the ownership or occupation of the Council.
 - Share certificates, stocks, bonds and other securities together with any appropriate contracts of purchase or sale.
 - Guarantees, indemnities, insurance policies.
- 10.10.2 All other contracts carried out under the seal of the Council must be retained for **twelve** years after completion of the contract.
- 10.10.3 Deeds and covenants should be held for the period they are valid.
- 10.10.4 Local authorities are required by statute to retain all accounting documents for a minimum of six years. The statute of limitations for contracts not under seal applies for six years after completion of the contract. In addition Inland Revenue and Customs and Excise may inspect documents for periods of six years. Officers may be held personally liable where documents required are not available because they have been intentionally deleted. In order to give effect to these requirements the following documents must be retained for a minimum of **six** years:
- All accounting documents including invoices, contract certificates, paid cheques, bank statements;
 - Debtor accounts, income receipts and associated documents;
 - All contracts not under seal for works, goods or services (six years after completion of the contract);
 - All successful tender and related documents (six years after completion of the contract);
 - Details of salaries, wages and superannuation payments including particulars of pay calculations, copy payslips, P60 documents.
- 10.10.5 Unsuccessful tender documents should be retained for a year after start of the contract.
- 10.10.6 Audit and Investigations should be consulted before officers copy documents not previously copied or use a new method to ensure such methods would be accepted for evidence purposes. Officers must notify the Information Management and Standards Team who will update the council's Information Asset Register.

10.10.7 All officers must ensure the safe custody of information they hold. All records must be properly indexed to allow efficient recovery.

LONDON BOROUGH OF BRENT FULL COUNCIL – 28 FEBRUARY 2011

KENTON BY-ELECTION HELD ON 17 FEBRUARY 2011 - RESULT

| Candidate/party | Number of votes |
|--|-------------------------|
| DUNWELL, Robert (Independent) | 185 |
| HIRANI, Chunilal (Liberal Democrats) | 179 |
| KANSAGRA, Suresh (The Conservative Party Candidate) | 1063 ELECTED |
| MATHISON, Alan (Green Party) | 75 |
| SOUTHWOOD, Ellie (The Labour Party Candidate) | 907 |

The elected member has signed the Declaration of Acceptance of Office.

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