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Meeting	AUDIT AND GOVERNANCE COMMITTEE
Time/Day/Date	6.30 pm on Wednesday, 24 January 2024
Location	Abbey Room, Stenson House, London Road, Coalville, LE67 3FN
Officer to contact	Democratic Services (01530 454512)

AGENDA

Item	Pages
1. APOLOGIES FOR ABSENCE	
2. DECLARATION OF INTERESTS	
Under the Code of Conduct members are reminded that in declaring interests you should make clear the nature of that interest and whether it is a disclosable pecuniary interest, registerable interest or other interest.	
3. MINUTES	
To confirm and sign the minutes of the meeting held on 25 October 2023	3 - 6
4. COMMITTEE WORK PLAN	
To note the Committee's work plan	7 - 8
5. INTERNAL AUDIT PROGRESS REPORT	
The report of the Audit Manager	9 - 24
6. TREASURY MANAGEMENT ACTIVITY REPORT 2023/24 - QUARTER 2	
The report of the Head of Finance	25 - 46
7. CORPORATE RISK UPDATE	
The report of the Strategic Director of Resources	47 - 58
8. UPDATE ON ACTION PLAN IN RESPONSE TO ANNUAL INTERNAL AUDIT OPINION 2022/23	
The report of the Strategic Director of Resources	59 - 70

9. ANNUAL REVIEW OF THE COUNCIL'S CONSTITUTION

The report of the Head of Legal and Support Services

71 - 174

10. STANDARDS AND ETHICS REPORT - QUARTER 3

The report of the Head of Legal and Support Services

175 - 186

Circulation:

Councillor D Everitt (Chair)
Councillor P Moulton (Deputy Chair)
Councillor R Boam
Councillor D Cooper
Councillor G Rogers
Councillor J G Simmons
Councillor N Smith
Councillor R Sutton
Councillor A Barker

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on WEDNESDAY, 25 OCTOBER 2023

Present: Councillor D Everitt (Chair)

Councillors P Moulton, D Cooper, G Rogers, J G Simmons, N Smith, R Sutton and A Barker

In Attendance: Councillors R Johnson

Officers: Ms K Beavis, Miss E Warhurst, Mr T Devonshire and Mr P Stone

External Audit:

13. APOLOGIES FOR ABSENCE

Councillor R Boam was absent without apology.

14. DECLARATION OF INTERESTS

There were no interests declared.

15. MINUTES

Consideration was given to the minutes of the meeting held on 26 July 2023.

It was moved by Councillor N Smith, seconded by Councillor A Barker, and

RESOLVED THAT:

The minutes of the meeting held on 26 July 2023 be confirmed as an accurate record of proceedings.

16. COMMITTEE WORK PLAN

Consideration was given to the inclusion of any items on the work programme. The plan of forthcoming Cabinet decisions and the current work programme were set out in the agenda for information.

17. INTERNAL AUDIT PROGRESS REPORT

The Audit Manager presented the report.

In response to a Member querying whether recruitment problems discussed in the report were a result of a lack of appropriate candidates or the Council not offering a competitive remuneration package, the Audit Manager advised that it was a combination of the two; but she added that it was a struggle to recruit candidates even when paying agency rates.

A Member asked whether the recommendation on page 21 had been followed up on and the Strategic Director of Resources advised that an update on this would be brought before the Committee at the next meeting as part of the External Audit Report.

A Member expressed concern about the cost and proliferation of consultants, and asked whether progress was being made in reducing their usage. In response the Strategic Director of Resources advised that the matter would return to the Committee in January.

A Member felt that project management should be a higher priority in the report and added that how success was measured and reported to the Committee should be considered by Officers. The Chair concurred that there was public interest in being informed of the ongoing projects.

In response to these comments, Officers emphasised that installing a standardised and consistent corporate approach to project management was a key priority, as detailed in the Audit.

In response to a Member asking about IT asset management and the new role out of IT equipment, whether this was consistent with best policy and value, the Audit Manager advised that contract procedure rules set certain limits. She advised that above a threshold organisational purchases should be put out to tender and this threshold might be cumulatively reached over a year.

A Member asked about the choice based lettings recommendations and whether they had been implemented, and the Audit Manager was happy to clarify any questions the Member might have on the process of Auditing this matter after the meeting.

The Chair thanked Members for their comments.

18. UPDATE ON THE CIPFA POSITION STATEMENT AND WORKING GROUP

The Audit Manager presented the report.

In response to a Member asking how the Committee should proceed if they did not manage to attain an independent person, the Audit Manager advised that the Council had originally gone out offering an unremunerated role; the organisation had since readvertised the unremunerated role and if again this did not result in attaining a candidate then the matter of remuneration may need to be reviewed.

It was moved by Councillor P Moul, seconded by Councillor J Simmons, and

RESOLVED THAT:

The training programme be agreed.

19. UPDATE ON ACTION PLAN IN RESPONSE TO ANNUAL INTERNAL AUDIT OPINION 2022/23

The Strategic Director of Resources presented the report.

In response to a Member asking for clarification on the Governance structure and how this impacted the Audit process, the Head of Legal and Support Services advised that Council had delegated functions to the Audit and Governance Committee, rather than the Executive.

Nevertheless, the Member remained concerned that the comments of the Committee were not always appropriately shared and acted upon.

The Audit Manager confirmed to Members that where a limited audit report was presented to the Committee the relevant Director and/ or Head of Service would be requested to attend the meeting additionally the Committee were able to request the attendance of Corporate Leadership Team at a Committee if Member's had significant concerns, if the concern was not resolved this could then be passed onto Scrutiny, full Council or Cabinet.

The Chair thanked Members for their comments.

20. CORPORATE RISK UPDATE

The Strategic Director of Resources presented the report.

In response to a Member asking about the first item on the risk register in respect of safeguarding compliance, which he felt was a crucial issue, the Strategic Director of Resources confirmed that he was happy to bring a detailed update to Members at a future meeting.

A Member expressed concern that cloud backed up files were more susceptible to hackers and the Strategic Director of Resources advised that organisational data was backed up to the cloud but diffusely spread through servers across the country.

A Member queried whether the risk titled 'mismanagement of Council finances' should have a higher impact score than the current score of 2. The Strategic Director of Resources accepted that this was a pertinent question in light of the number of local authorities reporting financial difficulties. The score, he added, did nevertheless reflect that there was a range of mainstream funding streams which are unlikely to be financial losses of over £100k or £1m in line with the impact assessment guidance. However, the impact score might nevertheless need reviewing.

The Member then suggested that a residual likelihood score of 2 for the risk item 'projects are poorly managed' seemed overly confident. The Strategic Director of Resources accepted that this was something to review as project management processes are to be reviewed and rolled out across the Council.

The Chair thanked Members for their comments.

21. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW LETTER 2022/23

The Head of Legal and Support Services presented the report.

The Chair thanked Members for their comments.

22. STANDARDS AND ETHICS REPORT - QUARTER 2

The Head of Legal and Support Services presented the report.

A Member asked why the rate of Freedom of Information (FOI) requests had risen and the Head of Legal and Support Services advised that it was always hard to discern any particular trend in FOI requests.

The Chair stressed that it was imperative that people received a response to FOI requests.

A Member asked whether a 90% response rate to FOI requests was reasonable, and could it be higher. In response, the Head of Legal and Support Services advised that 90% would be an improvement on the current rate, answering FOI requests can be complex and time consuming, and 90% was thus a reasonable goal but one that the organisation would seek to further improve upon when reached.

A Member asked about how our response rate looked when benchmarked against other local authorities and the Head of Legal and Support Services was happy to attain this information and provide it to the Member outside of the meeting.

The Chair thanked Members for their comments.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.29 pm

AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME (as at 16/01/24)

Issue	Report Author	Meeting at which will be reported
13 March 2024		
Annual Statement of Accounts 2021/22 For the Audit and Governance Committee to consider and approve the Statement of Accounts 2021/22.	Anna Crouch, Head of Finance	13 March 2024
Annual Governance Statement 2021/22 and 2022/23 For the Audit and Governance Committee to consider and approve the Annual Governance Statement 2021/22 and 2022/23.	Paul Stone, Strategic Director of Resources (Section 151 Officer)	13 March 2024
2021/22 Audit Completion Report	Anna Crouch, Head of Finance	13 March 2024
External Audit Strategy Memorandum 2022-23 To consider the External Auditors Report	Anna Crouch, Head of Finance	13 March 2024
24 April 2024		
2021/22 Annual Auditors Report To consider the External Auditors Report	Anna Crouch, Head of Finance	24 April 2024
Senior Information Risk Owner	Nicola Taylor, Data Protection Officer	24 April 2024
Draft Accounting Policies 2023/24 To present the draft accounting policies for the 2023/24 financial statements	Anna Crouch, Head of Finance	24 April 2024
Quarter 3 Treasury Management Activity Report To inform Members of the Council's Treasury Activity for Quarter 3	Anna Crouch, Head of Finance	24 April 2024
Draft Member Code of Conduct Annual Report	Rebecca Elliott, Solicitor - Contracts and Commercial	24 April 2024
Internal Audit Progress Report	Kerry Beavis, Audit Manager	24 April 2024
Standards and Ethics Report - Quarter 4	Rebecca Elliott, Solicitor - Contracts and Commercial	24 April 2024

Issue	Details	Report Author	Meeting at which will be reported
Corporate Risk Update		Paul Stone, Strategic Director of Resources (Section 151 Officer)	24 April 2024
Update on the CIPFA Position Statement and Working Group		Kerry Beavis, Audit Manager	24 April 2024
Update on Action Plan in Response to Annual Internal Audit Opinion 2022/23		Paul Stone, Strategic Director of Resources (Section 151 Officer)	24 April 2024
Internal Audit Plan 2024-25		Kerry Beavis, Audit Manager	24 April 2024

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 24
JANUARY 2024

Title of Report	INTERNAL AUDIT PROGRESS REPORT	
Presented by	Kerry Beavis Audit Manager	
Background Papers	Public Sector Internal Audit Standards Internal Audit Plan 2023/24	Public Report: Yes
Financial Implications	There are no direct financial implications arising from the report.	
	Signed off by the Section 151 Officer: yes	
Legal Implications	None arising from the report.	
	Signed off by the Monitoring Officer: yes	
Staffing and Corporate Implications	There are no direct staffing implications arising from the report.	
	Signed off by the Head of Paid Service: yes	
Purpose of Report	To inform the Committee of progress against the Internal Audit plan for 2023/24 and to highlight any incidences of significant control failings or weaknesses that have been identified.	
Recommendations	THE AUDIT AND GOVERNANCE COMMITTEE NOTE THE REPORT.	

1.0 BACKGROUND

- 1.1. The Public Sector Internal Audit Standards require the Authority's Audit Committee to approve the audit plan and monitor progress against it. The Standards state that the Committee should receive periodic reports on the work of internal audit.
- 1.2. The Audit and Governance Committee approved the 2023/24 Audit Plan on 26 April 2023. The Committee receives quarterly progress reports.

2.0 PROGRESS REPORT

- 2.1. The Internal Audit Progress Report for the period 1 October 2023 to 31 December 2023 (Q3) is attached at Appendix 1.

3.0 FINANCIAL IMPLICATIONS

3.1 None

Policies and other considerations, as appropriate	
Council Priorities:	An effective internal audit service supports all council priorities. <ul style="list-style-type: none">- A Well-Run Council- Clean, Green and Zero-Carbon- Communities and Housing- Planning and Regeneration
Policy Considerations:	N/A
Safeguarding:	There are no specific risks associated with this report.
Equalities/Diversity:	N/A
Customer Impact:	N/A
Economic and Social Impact:	N/A
Environment, Climate Change and Zero Carbon	N/A
Consultation/Community/Tenant Engagement:	The report was presented to Corporate Leadership Team on 20 December 2023
Risks:	There are no specific risks associated with this report however if the Audit and Governance Committee did not receive periodic reports from Internal Audit, there would be a risk of not conforming with the Public Sector Internal Audit Standards.
Officer Contact	Kerry Beavis Audit Manager kerry.beavis@nwleicestershire.gov.uk



INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

Internal Audit Progress Report 2023/24 Q3

1. Introduction

- 1.1. Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby District Council and Charnwood Borough Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2023/24 Internal Audit Plan up to 31 December 2023.

2. Internal Audit Plan Update

- 2.1 Progress on the audit continues, with one audit complete, IT Asset Management, the executive summary is included at Appendix B.
- 2.2 Two audits have been postponed, one audit is at draft stage, and a further 8 are in progress. The 2023/24 audit plan is included at Appendix A for information.

The audits due to take place in Q4 are:

- Key Financial Systems
- HMO/ Selective Licensing
- Capital Programme Management
- Climate Change Strategy

- 2.2 Progress during quarter 3 has been slower than expected due to only one of the vacancies for the Internal Audit Assistants posts being filled, being unable to recruit agency staff to complete the housing audits and the training required for the Internal Audit Apprentice and the Internal Audit Assistant. A further requirement exercise for the Internal Audit Assistant is currently in progress as is the recruitment of agency staff to cover the outstanding audits.

3. Internal Audit Recommendations

- 3.1. Internal Audit monitor and follow up critical, high and medium priority recommendations. Further details of overdue and extended recommendations are detailed in Appendix C for information.

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
21/22	-	-	9	3	-	-
22/23	4	5	7	3	1	-

4. Internal Audit Performance Indicators

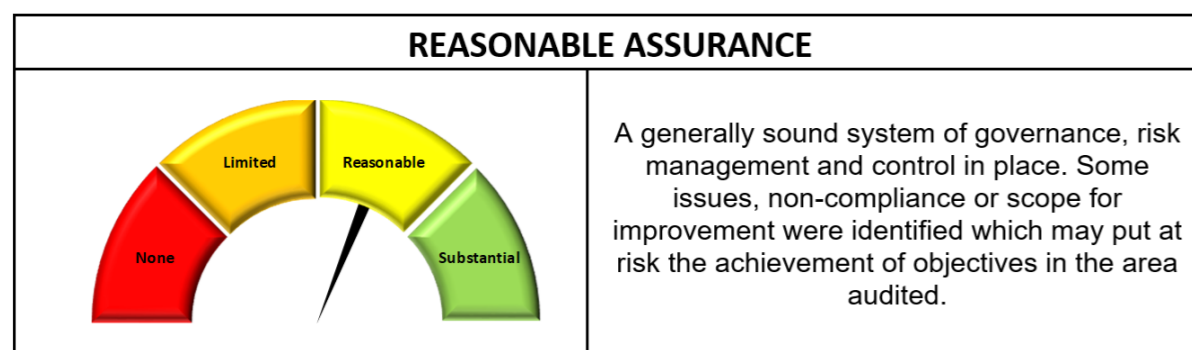
- 4.1. Progress against the agreed Internal Audit performance targets is documented in Appendix D.

2023/24 AUDIT PLAN AS AT 31 DECEMBER 2023

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Housing Repairs Q1	Audit	10	8	In progress					These audits have been combined in to one audit to be completed during Q3 & Q4	
Housing Repairs Q2	Audit	10								
Housing Repairs Q3	Audit	10								
Housing Repairs Q4	Audit	10								
Housing Planned Maintenance Q1	Audit	10	2	In progress					These audits have been combined in to one audit to be completed during Q3 & Q4	
Housing Planned Maintenance Q2	Audit	10								
Housing Planned Maintenance Q3	Audit	10								
Housing Planned Maintenance Q4	Audit	10								
Asbestos Management	Audit	10	3.5	In progress						
HMO/ Selective Licensing	Audit	10	0.5	Planning						
Safeguarding	Audit	8	16	Report drafted						
Fleet Management & Operating Licensing	Audit	8	3	Q4						
Tree Stock Management	Audit	6		Q3					Postponed until 24/25 due to a tree strategy currently being written.	
Protect Duty	Audit	8		Q4					Postponed until legislation is in place.	
New finance system	Advisory/ Testing	10	5	Completed	Not applicable					
Key financial systems	Audit	52	0.5	Planning						
Workforce Planning	Audit	10	3	In progress						
IT Asset Management	Audit	10	10	Completed	Reasonable		1	3	3	
Remote Support & Data Exchange	IT Audit Contractor	IT Contractor		In progress						
Cyber Security	IT Audit Contractor	IT Contractor		In progress						

Corporate Policy Management	Audit / Data analysis	10	3	In progress						
Capital Programme Management	Audit	10		Q4						
Transformation Projects	Advisory	5		As required						
Climate Change Strategy	Audit	10		Q4						
Procurement & Contract Management	Audit	10	11	In progress						
Grant Assurance	Assurance		6	As required						

SUMMARY OF FINAL AUDIT REPORTS ISSUED BETWEEN 1 OCTOBER & 31 DECEMBER 2023

IT Asset Management**Key Findings**

Areas of positive assurance identified during the audit:

- Procedures for IT Asset Management are up to date and available to those staff who require them.
- There is adequate segregation of duties within the ordering, payment and allocation of assets.
- There is adequate insurance in place for IT assets.
- Decommissioned items are disposed of securely with regard to the Waste Electrical and Electronic Equipment (WEEE) Directive.

The main areas identified for improvement are:

- Adherence to Contract Procedure Rules in relation to the purchase of IT equipment.
- Recording and updating of IT assets in the asset register.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Advice should be sought from Procurement regarding the purchase of IT equipment to ensure that Contract Procedure Rules are met.	High	Agreed – have met with the Council’s Procurement Officer to discuss and agree a way forward.	Sam Utama – ICT Manager	Implemented
2. Consideration should be given to having a centralised IT budget which will ensure an efficient use of assets. This could lead to budget savings and also time savings as it eliminates the need to journal items to individual budget codes.	Low	Agreed	Sam Utama – ICT Manager	As part of annual budget setting process.
3. In order to confirm that IT assets have been reviewed the date the review was carried out should be added to the register.	Medium	Agreed	Sam Utama – ICT Manager	Implemented
4. A robust process is introduced for managers to confirm that the assets recorded on the asset register match the physical assets held by each team member.	Medium	Agreed – however the approach we would prefer to take is to obtain this information directly from staff via an on-line form. Following this exercise any IT equipment where the location cannot be confirmed will be investigated. From next year the requirement to update details of IT equipment staff have will be removed from the DSE assessment and this new form used to capture this information.	Sam Utama – ICT Manager	September 2024
5. The ICT Departmental procedure document should be updated to show the correct status to be allocated to equipment returned to ICT.	Low	Agreed	Sam Utama – ICT Manager	Implemented
6. A review of IT equipment which is held in the IT store should be undertaken and records updated accordingly.	Low	Agreed	Sam Utama – ICT Manager	Implemented
7. To ensure an accurate record of assets is maintained the date of disposal of IT Assets should be recorded in a reportable field within HOTH.	Medium	Agreed – we will start using the “Last accessed field” to record the date the item was recycled. We will do this on the next recycle collection.	Sam Utama – ICT Manager	Implemented

RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 31 DECEMBER 2023

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	CLT	Original Due Date	1st Follow up comments	Extension Date	Second Follow up comments	Extension Date	Further Management update	Further extension date
2022/23	Tax - IR35 and P11D	7.The iTrent Employee and Manager Self Service guides should be updated to clearly show how to input and authorise expense claims containing VAT. Additionally, a reminder should be issued to managers informing them of their responsibility when authorising expense claims to ensure that VAT this has been correctly recorded.	High	Agreed	Head of Human Resources and Organisational Development.	Head of HR & OD	Aug-23	Sept 23 – In progress. The guidance should be available from mid-October.	Oct-23	Oct-23 No response		Nov-23 No response. A review of the published guidance indicates it is yet to be updated.	

EXTENDED RECOMMENDATIONS AS AT 31 DECEMBER 2023

Audit Year	Audit	Recommendation	Priority	Response/ Action	Agreed	Responsible Officer	CLT	Original Due Date	1st Follow up comments	Extension Date	Second Follow up comments	Extension Date	Further Management update	Further extension date
2021/22	Corporate Estates Management	2 A performance monitoring and reporting framework is introduced which includes contractor and legislative compliance performance monitoring and periodic reporting to the Statutory Duty Group and, where necessary, the Corporate Leadership Team.	High	Overlapping with the audit we have begun the introduction of a performance monitoring framework, utilising a RAG system. This will be reported through to CLT. It would be beneficial to include properties not managed by property services into this report.		Head of Economic Regeneration	Head of Economic Regeneration	Oct-22	Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and recording of compliance.	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	Dec-23 Contractor performance is currently being monitored via the Statutory Duty Group. Further improvements are expected to be delivered by the council adopting a digital Asset Management System to work alongside the Asset Management Toolkit currently being prepared. Work to identify Asset Management Systems is with implementation and onboarding likely to take 6 months.	Oct-24
2021/22 18	Corporate Estates Management	3 To ensure that the authority is fully meeting its legislative responsibilities in an efficient and effective manner consideration is given to introducing a true corporate landlord model for corporate property.	High	Since the publication of the 2020 report, there has been considerable change in both the operation of the council, its ability to address some strategic issues due to the pandemic, and more recently changes in property service management, housing senior management and the Chief Executive, along with changes to our accommodation strategy. So as to address the above we will undertake a further assessment of options for the operation and scope of an overall property function spanning all of our assets, and consider how this is best addressed in the future.		Strategic Director of Place	Strategic Director of Place	Mar-23	Extended to align with other recommendations	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	Dec-23 As detailed above, the adoption of a new system will assist with meeting legislative compliance. Following this full consideration will be given to adopting a corporate landlord model.	Oct-24 for system implementation Dec-24 for decision on the adoption of a corporate landlord model.
2021/22	Corporate Estates Management	4 The process for recording and monitoring issues through the compliance tracker is fully implemented and a reporting framework is put in place, to ensure that any remedial actions	Medium	Agreed – for the property services managed properties. This may take longer to fully implement if we follow a corporate landlord model. If not then there will not be assurance for all properties.		Head of Economic Regeneration	Head of Economic Regeneration	Oct-22	Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	As per recommendation 3	Oct-24

		or works required are identified and tracked to fruition in a timely manner						recording of compliance.					
2021/22	Corporate Estates Management	6 A comprehensive record of all assets and statutory inspections/ checks that are required by the Council is introduced. These records should cover all services and be monitored and reported against on a regular basis to ensure testing/ checks have taken place as required. Note: This recommendation was made in the Health and Safety Audit, undertaken in February 2021 (due for implementation in June 2021) and as yet has not been implemented.	High	Not all of these assets are owned by the authority. The scope of the contracts need to be known and recorded and performance monitored against this. Where assets are owned by the authority these will be detailed as required.	Head of Economic Regeneration	Head of Economic Regeneration	Mar-23	Extended to align with other recommendations	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	The digital Asset Management System will automatically schedule inspections at the required frequency. It is expected that a decision on which Asset Management system is to be adopted will be taken by 31/3/2023 with implementation and onboarding likely to take 6 months thereafter.	Oct-24
2021/22	Project Management	1.A project management policy is implemented that describes the essential elements of all projects/ programmes (e.g. project / programme identification through to authorisation, officer responsibilities, reporting requirements, requirement of the use of the toolkit etc), to ensure that all projects are effectively managed, and relevant governance and controls are in place.	High	Agreed. CLT need to revisit and agree the programme framework, review/refresh the toolkit, to see if it is still relevant, and then look at the resources for programme management with the new Chief Executive, including looking at where the function sits again, if needed. There is project management support to projects but there is not clear programme management, which is owned and maintained by one person/ service area, and which then collates and reports to CLT/ Members via relevantly timed reports.	Chief Executive, Directors, Monitoring Officer, Section 151 Officer.	CLT	Dec-22	Recommendation extended due to corporate review	Sep-23	Oct 23 - A project management policy has been drafted, alongside Project and Programme Management Procedures. Currently liaising with the LGA to review the policy and associated documents. Following this, there will a programme of activity to approve the policy, rollout the templates, replacing current templates on the sharepoint site and a suite of training for officers across the Council.	Mar-24		

2021/22	Project Management	2. A corporate approach to project management is agreed, implemented, relevantly managed, and communicated to all staff on a consistent and regular basis.	High	As above	Chief Executive, Directors, Monitoring Officer, Section 151 Officer.	CLT	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24		
2021/22	Project Management	3. All corporate projects should be monitored and recorded.	High	As above	Chief Executive, Directors, Monitoring Officer, Section 151 Officer.	CLT	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24		
2021/22	Project Management	4. The role of the Organisational Performance Team in monitoring of projects, as referred to in the report to CLT, should be pursued.	High	As above	Chief Executive, Directors, Monitoring Officer, Section 151 Officer.	CLT	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24		
2021/22	Project Management	5. A reporting structure is agreed and disseminated to ensure all relevant parties are aware of projects, progress of projects and any issues and reports are presented in a timely manner.	Medium	As above	Chief Executive, Directors, Monitoring Officer, Section 151 Officer.	CLT	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24		
20													
2021/22	Project Management	6. The highlight reports to boards should contain details of the project approval.	Medium	As above	Chief Executive, Directors, Monitoring Officer, Section 151 Officer.	CLT	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24		
2021/22	Project Management	7. Following agreement of a corporate approach to Project Management suitable training should be made available to enable staff to effectively manage projects.	High	As above	Chief Executive, Directors, Monitoring Officer, Section 151 Officer.	CLT	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24		
2022/23	Rent Accounting and Arrears	10. With the introduction of Unit 4 (new Finance System) the rent debit should be uploaded automatically from the Housing System to the General Ledger each week. This should enable weekly reconciliations	High	Agreed	Housing Strategy and Systems Team Manager	Strategic Director – Housing & Communities	Aug-23	Aug 23 – No response	Sept 23	Sept 23 - Issues regarding UNIT4 - meeting with Finance planned for w/c 11.9.23. Will require an extension to the implementation date.	Oct 23	Nov-23 Further extension requested.	Mar-24

		between the two systems to be carried out.											
2021/22	External Audit Completion Report 2020/21	The Council need to ensure that all related party transactions are identified and then should determine which transactions are material and hence should be disclosed.	High	Recommendation accepted. The Council will review its process, and implement the findings, for identifying and reporting on related party transactions for the closure of its 2022/23 Accounts. It will also seek to retrospectively apply the new approach to its 2021/22 Accounts.	Head of Finance	Director of Resources	Jun-23	Dec 23 - The accounts for 2021/22 are still in draft and will be presented to Audit Committee in March.	Mar-24				
2022/23	Rent Accounting and Arrears	1.The policies and procedures held by both the Rent Accounting and Housing Management Teams should be reviewed and updated where necessary. Any obsolete / out of date policies should be archived.	Medium	Agreed – consultation is required for certain policies.This can also be picked up as part of the Policy audit whereby all council policies are listed, with the author and recommended review date.	Housing Strategy and Systems Team Manager and Housing Management Team Manager.	Strategic Director – Housing & Communities	Dec-23	Dec 23 – This will be picked up following the policy audit report being presented to CLT.	June-24				
2022/23	Choice Based Lettings	2. A review of all applications within the register is undertaken to confirm that bands are correctly recorded, with band expiry dates being updated accordingly.	High	The system generates a date for all categories, but the policy only defines a review of those priority and high bands. Agree with recommendation. Review band expiry date process with the implementation of the new CBL system.	Housing Strategy and Systems Team Manager, Housing Choices Team Leader and the Module Lead for Aareon Implementation Project.	Head of Housing	Dec-23	Dec 23 – As a new system is due to be implemented the recommendation will be included within the system workflow/ processes.	May-24				
21													
2022/23	Payroll	4. Sample testing should be undertaken when changes to standing data occur to confirm they have been correctly applied.	High	Agree – sample checking to be undertaken and evidence retained.	Payroll Officer / HR Analyst	Director of Resources	Dec-23	Dec-23 Testing to be undertaken in January with changes to NI and again Feb/ March.	April-24				
2022/23	Payroll	2. A regular review of the iTrent audit log is carried out by an independent officer to ensure functions are appropriate to the officer.	High	Agree – appropriate audit log to be sourced, possibly reviewed by Senior HR Advisors.	Head of HR and Organisational Development.	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	Jul-24				
2022/23	Payroll	3.Consideration should be given to providing training to a member of the Human Resources Team to ensure business continuity in the event of the	Medium	Agree – training to be provided to a member of the HR Team but may require additional resource.	Head of HR and Organisational Development.	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	Jul-24				

		absence of the HR Analyst.											
202223	Payroll	6.A review of the payroll checking process is carried out to eliminate duplication, reduce the risk of fraud and ensure independence in the review and checking of the monthly payroll.	High	Agree – current payroll checks to be reviewed and revised.	Exchequer Services Team Leader and Head of HR and Organisational Development	Director of Resources / Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	Jul-24				
2022/23	Payroll	7. A full review of user access is carried out, in particular System Administrator access should be reviewed, and the number reduced.	High	Agree – access to be reviewed and removed where no longer required.	Head of HR and Organisational Development	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	Jul-24				
2022/23	Payroll	8. A review of the access for the HR Analyst should be undertaken and access removed / disabled where no longer required.	High	Agree – access to be reviewed and removed where no longer required.	Head of HR and Organisational Development	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	Jul-24				
2022/23 S	Payroll	9. Consideration should be given to ICT undertaking the System Administration role within iTrent. This would assist with the separation of duties, referred to in recommendation 1.	Medium	Agree – will discuss transfer of responsibilities with IT Manager.	Head of HR and Organisational Development	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	Jul-24				

2023/24 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 31.12.2023	Comments
Achievement of the Internal Audit Plan	19%	Two final audits, one audit at draft stage, eight audits in progress.
Quarterly Progress Reports to Management Team and Audit and Standards Committee	On track	
Follow up testing completed in month agreed in final report	On track	
Annual Opinion Report - July 2023 Audit and Governance Committee Meeting	Achieved	
100% Customer Satisfaction with the Internal Audit Service	100%	Based on three for 2022/23 and 1 for 2023/24
Compliance with Public Sector Internal Audit Standards	Conforms	External inspection carried out w/c 30 November 2020 which confirmed that the Council conforms with the Public Sector Internal Audit Standards.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 24
JANUARY 2024

Title of Report	TREASURY MANAGEMENT ACTIVITY REPORT 2023/24 – QUARTER 2	
Presented by	Anna Crouch Head of Finance	
Background Papers	Prudential Indicators and Treasury Strategies 2023-24 – Council 23 February 2023 Treasury Management Activity Report 2023/24 – Quarter 1 – Audit and Governance Committee 26 July 2023	Public Report: Yes
Financial Implications	There are no financial implications as a direct result of this report.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	There are no legal implications as a direct result of this report.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no staffing or corporate implications as a direct result of this report.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To inform the Committee of the Council's Treasury Activity for the period April – September 2023.	
Recommendations	THAT THE COMMITTEE NOTES: 1. THE TREASURY MANAGEMENT HALF-YEARLY ACTIVITY REPORT 2023-24 (APPENDIX A); AND 2. THE PRUDENTIAL INDICATORS HALF-YEARLY UPDATE 2023/24. AND COMMENTS AS APPROPRIATE.	

1. BACKGROUND

- 1.1 Treasury Management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce Prudential Indicators and a Treasury Management Strategy Statement annually on the likely financing and investment activity. The Prudential Indicators and Treasury Management Strategies were approved by Council on the 23 February 2023.

- 1.2 As a minimum, the code requires that the Council reports on the performance of the Treasury Management function at least twice yearly (mid-year and at year end). Appendix A is the second of four reports to be presented for the financial year 2023/24 designed to inform the Committee of the Council's treasury activity and enable scrutiny of activity and performance. Appendix B provides an update on the Prudential Indicators for the first half of the financial year.

2. TREASURY MANAGEMENT ADVISORS COMMENTARY – ARLINGCLOSE LTD

- 2.1 The commentary below has been provided by the Council's treasury management advisors:

- 2.1.1 The Council is currently taking a relatively low credit and liquidity risk approach to its investment strategy by investing mainly in deposits with UK central government, Money Market Funds (MMFs), UK local authorities, and a small number of UK banks, for short terms (up to 12 months). Most of these options avoid the direct bail-in risk¹ associated with bank deposits (although indirect exposure is held via the MMFs, this is highly diversified).
- 2.1.2 Interest rates have been rising globally but are now thought to have peaked, with predictions shifting towards major central bank policy rates being cut in 2024. The Council's investment returns have therefore increased and with inflation falling significantly, are currently earning a positive real return (i.e. adjusting for inflation). The latest client investment benchmarking exercise that the Council took part in (June 2023) showed the Council's return was higher than the average for other local authorities and credit risk (as measured by credit ratings) was lower, for internally managed investments.
- 2.1.3 Other investment options that may fit with the Council's current risk appetite could include secured bank deposits (up to 12 months), longer-term loans to local authorities (the Council has done this before), covered or supranational bonds and loans to Registered Providers (housing associations), which may also require a longer investment horizon (three to five years).
- 2.1.4 Going beyond this would be an alternative approach – investing for the long-term (five years +) in asset classes such as property, bonds and equities which fluctuate in value, and carry a different and typically higher set of risks but offer the potential for higher long-term returns. The Council would need to identify a long-term investment horizon and/or these types of investments may need to be part of a documented strategy to manage liquidity, interest rate, exchange rate and/or inflation risks.

¹ Bail-ins are a way for banks to convert debt into equity to increase their capital requirements. Risks of bail-ins include:

- Moral Hazards: by offering the institution a way out of financial trouble, bail-in clauses may encourage irrational and risky behaviour that can lead to turmoil in the future.
- Higher costs of borrowing.

3.0 SUMMARY

- 3.1 In compliance with the requirements of the CIPFA Code, Appendix A provides the Committee with a summary report of the Treasury Management activity for the period April 2023 to September 2023. A prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.
- 3.2 Appendix B shows compliance with the Prudential Indicators for the first half of the financial year.
- 3.2 For the reporting period, there has been no breaches of the Treasury Management Strategy Statement that need bringing to the attention of the Committee.

Policies and other considerations, as appropriate	
Council Priorities:	The Treasury Strategies and Prudential Indicators help the Council achieve all its priorities: <ul style="list-style-type: none"> - A Well-Run Council - Clean, Green and Zero-Carbon - Communities and Housing - Planning and Regeneration
Policy Considerations:	Not applicable
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment, Climate Change and Zero Carbon:	The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing. Where practical, when making investment decisions ESG will be considered and counterparties with integrated ESG policies and commitments to carbon.
Consultation/Community Engagement:	Not applicable
Risks:	Borrowing and investment both carry an element of risk. This risk is mitigated through the adoption of the Treasury and Investment Strategies, compliance with the CIPFA code of Treasury

	Management and the retention of Treasury Management advisors (Arlingclose) to proffer expert advice.
Officer Contact	Anna Crouch Head of Finance anna.crouch@nwleicestershire.gov.uk

Treasury Management Half – Yearly Activity Report 2023/24

1. Introduction

- 1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports. This quarterly report provides an additional update and includes the new requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators.
- 1.2. The Council's treasury management strategy for 2023/24 was approved at a meeting on 23 February 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

2. External Context (provided at Arlingclose)

- 2.1. **Economic background:** UK inflation remained stubbornly high over much of the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to other regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.
- 2.2. Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.2%. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.
- 2.3. July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.
- 2.4. Inflation continued to fall from its peak as annual headline Consumer Prices Index (CPI) declined to 6.7% in July 2023 from 6.8% in the previous month against expectations of it going back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.
- 2.5. The Bank of England's Monetary Policy Committee (MPC) continued tightening monetary policy over most of the period, taking the Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain the Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

- 2.6. Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.
- 2.7. Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in the Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.
- 2.8. The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the GfK measure hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to Standard and Poor's (S&P)/Chartered Institute of Procurement and Supply (CIPS) survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.
- 2.9. The US Federal Reserve increased its key interest rate to 5.25-5.50% over the period, pausing in September following a 0.25% rise the month before, and indicating that it may have not quite completed its monetary tightening cycle.
- 2.10. Having fallen throughout 2023, annual US inflation started to pick up again in July 2023, rising from 3% in June, which represented the lowest level since March 2021, to 3.2% in July and then jumping again to 3.7% in August, beating expectations for a rise to 3.6%. Rising oil prices were the main cause of the increase. US GDP growth registered 2.1% annualised in the second calendar quarter of 2023, down from the initial estimate of 2.4% but above the 2% expansion seen in the first quarter.
- 2.11. The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target.
- 2.12. Although continuing to decline steadily, inflation has been sticky, Eurozone annual headline CPI fell to 5.2% in August while annual core inflation eased to 5.3% having stuck at 5.5% in the previous two months. GDP growth remains weak, with recent data showing the region expanded by only 0.1% in the three months to June 2023, the rate as the previous quarter.
- 2.13. **Financial markets:** Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak.
- 2.14. Gilt yields fell towards the end of the period. The five-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Rate (SONIA) averaged

4.73% over the period.

- 2.15. **Credit review:** Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March, Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period.
- 2.16. During the second quarter of the period, Moody's revised the outlook on Svenska Handelsbanken to negative from stable, citing concerns around the Swedish real estate sector.
- 2.17. Having put the US sovereign rating on Rating Watch Negative earlier in the period, Fitch took further action in August, downgrading the long-term rating to AA+, partly around ongoing debt ceiling concerns but also an expected fiscal deterioration over the next couple of years.
- 2.18. Following the issue of a Section 114 notice, in September, Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.
- 2.19. Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress and although no changes were made to recommended durations over the period, Northern Trust Corporation was added to the counterparty list.
- 2.20. Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

3. Local Context

- 3.1. On 30 September 2023, the Council had net borrowing of £9m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.23 Estimated £m
General Fund CFR	41.2
HRA CFR	53.9
Total CFR	95.1
External borrowing	62.6
Internal borrowing	32.5
Total Borrowing	95.1

- 3.2. The treasury management position as at 30 September and the change over the year to date are shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.23 Balance £m	Movement £m	30.09.23 Balance £m	30.09.23 Rate %
Long-term borrowing	59.8	0.0	59.8	3.55%
Short-term borrowing	2.7	-0.6	2.1	5.38%
Total borrowing	62.6	-0.6	62.0	3.58%
Long-term investments	0.0	0.0	0.0	0.00%
Short-term investments	39.0	1.5	40.5	4.80%
Cash and cash equivalents	4.1	8.4	12.5	5.01%
Total investments	43.1	9.9	53.0	4.85%
Net borrowing	19.5	-10.5	9.0	

4. Borrowing

- 4.1. CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. Public Works Loan Board (PWLB) loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.
- 4.2. The Council currently holds £8.9m in commercial investments that were purchased prior to the change in the CIPFA Prudential Code. These commercial investments are primarily for local regeneration and growth and are all located within the District. Financial return is a secondary objective of these investments. Before undertaking further additional borrowing the Council will review the options for exiting these investments.
- 4.3. As shown in table 1 the Council has internally borrowed £32.5m. This internal borrowing foregoes a potential interest income rate of 4.85%. Current one-year external borrowing rates with the PWLB were 5.88% as at 30 September 2023. An additional rate for HRA specific borrowing has been implemented from June 2023 which is 0.4% lower than standard PWLB rates as discussed below.

5. Borrowing strategy and activity

- 5.1. As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

- 5.2. There was a substantial rise in the cost of both short- and long-term borrowing over the last 18 months. Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September. Bank Rate was 3% higher than at the end of September 2022.
- 5.3. UK gilt yields were volatile, mainly facing upward pressure since early April following signs that UK growth had been more resilient, inflation stickier than expected, and that the Bank of England saw persistently higher rates through 2023/24 as key to dampening domestic demand. Gilt yields, and consequently PWLB borrowing rates, rose and broadly remained at elevated levels. On 30 September, the PWLB certainty rates for maturity loans were 5.25% for 10-year loans, 5.63% for 20-year loans and 5.41% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively.
- 5.4. A new Public Works Loan Board (PWLB) Housing Revenue Account (HRA) rate which is 0.4% below the certainty rate has been made available from 15 June 2023. Initially available for a period of one year, this discounted rate is to support local authorities borrowing for the HRA and for refinancing existing HRA loans, providing a window of opportunity for HRA-related borrowing.
- 5.5. At 30 September 2023, the Council held £62.0m of loans, a decrease of £0.6m from 31 March 2023, as part of its strategy for funding previous and current year's capital programmes. Outstanding loans on 30 September 2023 are summarised in Table 3A below.

Table 3A: Borrowing Position

	31.3.23	Net	30.09.23	30.09.23	30.09.23
	Balance	Movement	Balance	Weighted	Weighted
	£m	£m	£m	Average	Average
				Rate	Maturity
				%	(years)
Public Works Loan Board	55.1	-0.6	54.5	3.41%	13.6
Banks (LOBO)	3.5	0.0	3.5	4.80%	1.8
Banks (fixed-term)	3.9	0.0	3.9	4.74%	1.9
Local authorities (long-term)	0.0	0.0	0.0	0.00%	0.0
Local authorities (short-term)	0.0	0.0	0.0	0.00%	0.0
Total borrowing	62.6	-0.6	62.0	3.62%	3.7

- 5.6. The Council's Borrowing strategy has been maintained whereby no new borrowing is undertaken and the loans are repaid at maturity. This strategy has meant that there has been no increase in borrowing costs as a result of the increased borrowing rate as no new short-term borrowing has been undertaken.
- 5.7. Currently the Council is able to do this as it has sufficient cash to meet resource demands. However, there is a possibility that new borrowing may be required within the next few years as shown in the Liability Benchmark in section 9.2.

- 5.8. There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.
- 5.9. **Loans restructuring:** The sharp rise in gilt yields over the past 18 months has now resulted in some of the Council's loans being in or close to a discount position if repaid early. The projection on borrowing requirement is constantly reviewed by the authority to try to find areas where savings can be made.
- 5.10. The Council currently holds £3.5 million in LOBO (Lender Option Borrower Option) loans, with a future call date set for February 8, 2024. These LOBO loans come with a provision that allows the lender to propose a higher interest rate on the specified call dates, requiring the borrower to choose between accepting the elevated interest rate or repaying the loan in full.
- 5.11. Given the rising interest rate environment, there is an elevated probability that the LOBO loans will indeed be called. In the event of a call, the Council plans to repay the loan at no additional cost, as it possesses cash reserves for this purpose. It's worth noting that this repayment may necessitate future borrowing, such borrowing is anticipated to be of short-term duration if required.
- 5.12. There was a call date within this quarter on the 8 August 2023. This date passed without any calls being made on the LOBO loan.

6. **Treasury Investment Activity**

- 6.1. CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 6.2. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held and money borrowed in advance of need. During the year, the Council's investment balances ranged between £43.5m and £64.8m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.23	Net Movement	30.09.2023	30.09.2023	30.09.2023
	Balance	£m	Balance	Income Return	Weighted Average Maturity
	£m		£m	%	Days
Banks & building societies (unsecured)	2.0	-0.0	2.0	4.78%	1.3
Government (incl. local authorities)	37.0	1.5	38.5	4.80%	48.8
Money Market Funds	4.1	8.4	12.5	5.01%	0.2
Total investments	43.1	9.9	53.0	4.85%	50.4

- 6.3. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 6.4. As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments.
- 6.5. Bank Rate increased by 1%, from 4.25% at the beginning of April to 5.25% by the end of September. Short-dated cash rates rose commensurately, with three-month rates rising to around 5.25% and 12-month rates to nearly 6%. The rates on Debt Management and Account Deposit Facility (DMADF) deposits also rose, ranging between 4.40% and 5.42% by the end of September and Money Market Rates between 4.61% and 5.17%.
- 6.6. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
30.09.2023	4.34	AA-	38%	87	4.63%
Similar LAs	4.66	A+	65%	45	1.54%
All LAs	4.65	A+	63%	11	2.34%

This data is from last available benchmarking. September data not yet available at time of writing this report

- 6.7. Financial market conditions were volatile during the six-month period. Global bond yields rose and remained elevated as it became apparent that policymakers were looking to keep rates high for some time amid persistently higher core inflation and tight labour markets.
- 6.8. The UK, Euro area and US equity markets were initially helped by resilient growth data and diminishing talk of recession. A weaker currency and better-than-expected fundamentals were broadly supportive for UK equities. Much of the US stock market's performance was driven by a small number of mega stocks and enthusiasm over artificial intelligence. However, the global outlook was clouded by the slowdown in China. On a sectoral level, the energy sector was supported by higher oil prices and expectation of decreasing supply due to OPEC+ group agreeing on production cuts. The FTSE All Share index was marginally lower at the end of the 6-month period at 4127 on 30/9/23 v 4157 on 31/3/23. The MSCI All Countries World Index was higher at 2853 on 30/9/23 v 2791 on 31/3/23.
- 6.9. Investor sentiment for UK commercial property was more settled than in Q3 and Q4 of 2022 when the sharp rise in bond yields resulted in a big fall in property valuations. There were signs of returning investor interest, occupier resilience and a perception that the downturn in

commercial real estate may be bottoming out. It helped rental income and led to some stabilisation in capital values. However, the combination of high interest rates and bond yield, higher funding costs and the prospect of sluggish economic growth constrain the outlook for commercial property.

- 6.10. The combination of the above had a marginal positive effect on the combined value of the Authority's strategic funds since March 2023. Income from the Authority's cash plus / short bond funds has improved as maturing securities are replaced by higher yielding ones in these funds.
- 6.11. The change in the Council's funds' capital values and income return over the 6-month period is shown in Table 4.
- 6.12. The Council has budgeted £981,300 income from investments in 2023/24. Income received up to 30 September 2023 was £1.2m. It is now forecasted that the risk adjusted interest received by March 31, 2024, to be £2.1m and after deductions income to be £1.7m. This will be split between the HRA and General Fund in the amounts £0.758m for the GF and £0.944m for the HRA.
- 6.13. The Council's Investment interest return percentage on 30 September 2023 was 4.85%. For comparison purposes the Daily Sterling Overnight Index Average (SONIA) which is used for benchmarking purposes was 5.186%. For similar local authorities the most recent benchmarking data which is from 31 June 2023 showed an investment return of 1.54% largely due to the poor performance of external funds which North West Leicestershire District Council is not involved. This is shown in **Appendix 1**.
- 6.14. One of the investments held by the Council is a loan of £5m to Birmingham City Council. On September 5, 2023, Birmingham issued a Section 114 notice, stating that they lack the necessary resources to balance their budget. This shortfall primarily arises from their inability to meet substantial liabilities linked to increasing equal pay claims.
- 6.15. It is important to emphasise that North West Leicestershire District Council's funds are secure, as they are backed by central government support. The Council's Treasury advisor at Arlingclose has confirmed this, expressing full confidence that the investment will be repaid in full upon maturity. Previous instances of Section 114 notices at other local authorities have not led to investments going unpaid.
- 6.16. The investment itself was £5 million at a 4% interest rate, with a one-year duration. This investment is set to mature on January 25, 2024, having commenced on January 26, 2023.
- 6.17. **Statutory override:** In April 2023 the Department for Levelling Up, Housing and Communities (DLUHC) published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended for two years until 31 March 2025 but no other changes have been made; whether the override will be extended beyond the new date is unknown but commentary to the consultation outcome suggests not. The Council will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken.

7. Non-Treasury Investments

- 7.1. The definition of investments in the Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management

investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

- 7.2. Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.
- 7.3. The Council also held £8.9m of such investments in directly owned property and land. A full list of the Council's non-treasury investments is available in the Investment Strategy 2023-24 document. The main purpose of these investments is regeneration of the local area rather than investment income. All commercial investments are located within the district.

8. **Compliance**

- 8.1. The Director of Resources reports that all treasury management activities undertaken during the quarter complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

Table 7: Investment Limits

	Q2 Maximum	30.09.2023 Actual	2023/24 Limit	Complied?
The UK Government	£40.5m	£31m	Unlimited	Yes
Local authorities and other government entities	£10m	£7.5m	£60m	Yes
Secured investments	£0m	£0m	£60m	Yes
Banks (unsecured)	£7.5m	£2.0m	£60m	Yes
Building societies (unsecured)	£0m	£0m	£5m	Yes
Registered providers (unsecured)	£0m	£0m	£12.5m	Yes
Money market funds	£22m	£12.5m	£60m	Yes
Strategic pooled funds	£0m	£0m	£25m	Yes
Real estate investment trusts	£0m	£0m	£12.5m	Yes
Other investments	£0m	£0m	£2.5m	Yes

- 8.2. Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 8 below.

Table 8: Debt and the Authorised Limit and Operational Boundary

	Q2 Maximum During Period	30.09.23 Actual	2023/24 Operational Boundary	2023/24 Authorised Limit	Complied?
Borrowing	£62.6m	£62.0m	£95.1m	£105.1m	Yes

8.3. Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

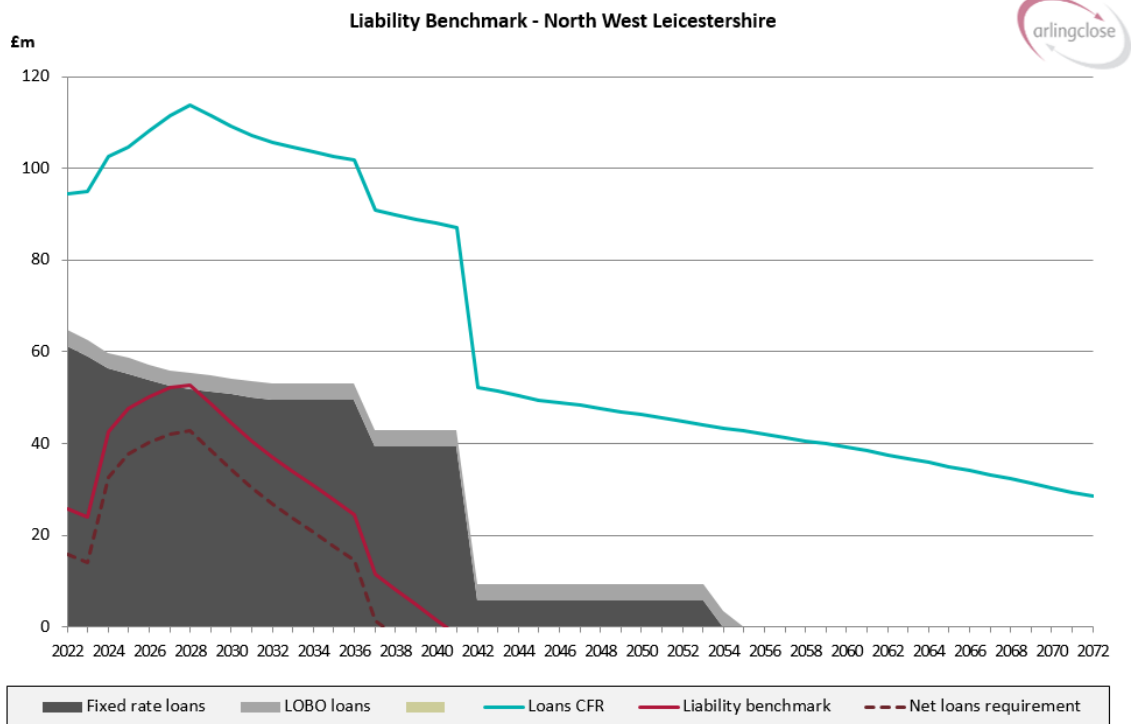
9. Treasury Management Prudential Indicators

9.1. As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

9.2. **Liability Benchmark:** This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

	31.3.23	31.3.24	31.3.25	31.3.26
	Estimate	Forecast	Forecast	Forecast
Loans CFR	95.1	102.6	104.6	108.1
Less: Balance sheet resources	-81.2	-70.0	-67.0	-68.0
Net loans requirement	13.9	32.6	37.6	40.1
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	23.9	42.6	47.6	50.1
Existing external borrowing	62.6	59.8	58.6	57.3

9.3. Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £0m a year after 31 March 2024, minimum revenue provision on new capital expenditure based on a variable asset life (depending on type of asset) and income, expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below together with the maturity profile of the Council's existing borrowing.



- 9.4. The Liability Benchmark shows the underlying need to borrow (Loans CFR) in the blue line at the top of the graph, the grey shaded area as existing external loans and the strong red line as the requirement for external borrowing (the dotted red line is without a liquidity allowance of £10m. The lighter grey shaded demonstrates the Council's LOBO loans discussed in section 5.10 above. The space in-between the underlying need to borrow and the external borrowing demonstrates the use of internal resources to cover borrowing requirements. Otherwise known as internal borrowing.
- 9.5. Internal borrowing is generally considered to be good value for money as it is often more expensive to borrow than the returns you get for investment. Therefore, if the internal resources were invested and the funds borrowed to cover the borrowing requirement this likely would lead to a net loss.
- 9.6. This graph demonstrates that by using internal resources the Council is likely to not have a future external borrowing requirement and that existing borrowing is sufficient to meet requirements.
- 9.7. However, as shown above there is a pinch point around 2028 whereby if forecasts are adjusted significantly to the downside a borrowing requirement may emerge.

9.8. Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	30.09.23 Actual £m	30.09.23 Actual %	Upper Limit	Lower Limit	Complied ?
Under 12 months	5.6	9%	70%	0%	Yes
12 months and within 24 months	1.3	2%	30%	0%	Yes
24 months and within 5 years	3.2	5%	30%	0%	Yes
5 years and within 10 years	2.5	4%	90%	0%	Yes
10 years and within 20 years	43.8	71%	90%	0%	Yes
20 years and above	5.7	9%	30%	0%	Yes

9.9. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. Therefore, the LOBO is considered to be maturing in under 12 months despite the maturity date being 2055.

9.10. Long-term Treasury Management Investments: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2023/24	2024/25	2025/26	No Fixed Date
Actual principal invested beyond year end	£0	£0	£0	£0
Limit on principal invested beyond year end	£60m	£10m	£10m	£10m
Complied?	Yes	Yes	Yes	Yes

9.11. Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

10. Additional indicators

10.1. Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.09.23 Actual	2023/24 Target	Complied?
Portfolio average credit rating	AA-	A-	Yes

- 10.2. Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	30.09.23 Actual	2023/24 Target	Complied?
Total cash available within 3 months	£46.5m	£2.5m	Yes

- 10.3. Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. Bank Rate rose by 0.25% during the quarter, from the prevailing rate of 5% on 1 July to 5.25% by 30 September.

Interest rate risk indicator	30.09.23 Actual	2023/24 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	441,616	600,000	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	-441,616	-600,000	Yes

- 10.4. For context, the changes in interest rates during the quarter were:

Context - Interest Rate changes	31/3/23	30/9/23
Bank Rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.68%
5-year PWLB certainty rate, maturity loans	4.31%	5.22%
10-year PWLB certainty rate, maturity loans	4.33%	5.25%
20-year PWLB certainty rate, maturity loans	4.70%	5.63%
50-year PWLB certainty rate, maturity loans	4.41%	5.41%

- 10.5. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

Appendix 1



Investment Benchmarking 30 June 2023

NW Leicestershire
42 English Non-Met Districts Average
125 LAs Average

Internal Investments	£53.0m	£29.3m	£67.2m
Cash Plus & Short Bond Funds	£0.0m	£1.8m	£1.4m
Strategic Pooled Funds	£0.0m	£15.0m	£12.7m
TOTAL INVESTMENTS	£53.0m	£46.1m	£81.3m

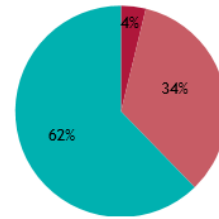
Security			
Average Credit Score	4.34	4.66	4.65
Average Credit Rating	AA-	A+	A+
Average Credit Score (time-weighted)	3.94	4.37	4.43
Average Credit Rating (time-weighted)	AA-	AA-	AA-
Number of Counterparties / Funds	8	12	12
Proportion Exposed to Bail-in	38%	65%	63%

Liquidity			
Proportion Available within 7 days	38%	43%	54%
Proportion Available within 100 days	45%	61%	72%
Average Days to Maturity	87	45	11

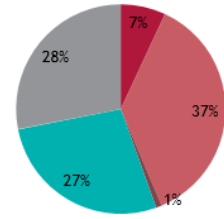
Market Risks			
Average Days to Next Rate Reset	102	67	46
Strategic Fund Volatility	-	5.3%	7.1%

Yield			
Internal Investment Return	4.63%	4.50%	4.44%
Cash Plus Funds - Income Return	-	1.76%	1.77%
Strategic Funds - Income Return	-	4.07%	4.01%
Total Investments - Income Return	4.63%	4.26%	4.32%
Cash Plus Funds - Capital Gain/Loss	-	0.39%	0.37%
Strategic Funds - Capital Gain/Loss	-	-11.04%	-12.56%
Total Investments - Total Return	4.63%	1.54%	2.34%

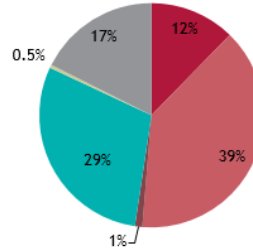
NW Leicestershire



English Non-Met Districts



All Arlingclose Clients



Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.

Prudential Indicators Half-Yearly Update 2023/24

- 1.1 The Council measures and manages its capital expenditure and borrowing with references to the following indicators.
- 1.2 It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.
- 1.3 **Capital Expenditure:** The Council has undertaken and is planning capital expenditure as summarised below:

	2022/23 actual £m	2023/24 forecast £m	2024/25 budget £m	2025/26 budget £m
General Fund services	5.8	9.4	11.9	5.5
Housing Revenue Account (HRA)		10.2	15.5	14.3
Capital investments	0.0	0.0	0.0	0.0

- 1.4 The main General Fund capital projects to date have included expenditure of £1.7m on major refurbishment works to the Council's main offices, £1.5m of expenditure to replace the council's fleet vehicles with green vehicles and spend of £0.4m on public realm improvement works at Marlborough square. The Housing Revenue Account (HRA) expenditure is recorded separately and to date includes £1.4m expenditure to carry improvement works to existing housing stock. Some this expenditure includes work to kitchens, bathrooms, doors and windows as well as fire safety works.
- 1.5 **Capital Financing Requirement:** The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with Minimum Revenue Provision (MRP) / loans fund repayments and capital receipts used to replace debt.

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget
General Fund services	41.8	43.3	44.6	43.9
Council housing (HRA)	55.2	53.6	55.0	61.4
Capital investments	0.0	0.0	0.0	0.0
TOTAL CFR	97.0	96.9	99.6	105.3

- 1.6 **Gross Debt and the Capital Financing Requirement:** Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Council has complied and expects to continue to comply with this requirement

in the medium term as is shown below.

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	Debt at 30.9.2023
Debt (incl. PFI & leases)	62.6	59.9	58.6	57.3	62.0
Capital Financing Requirement	97.0	96.9	99.6	105.3	

- 1.7 **Debt and the Authorised Limit and Operational Boundary:** The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	Maximum debt 2023/24	Debt at 30.9.23	2023/24 Authorised Limit	2023/24 Operational Boundary	Complied?
Borrowing	62.6	62.0	62.6	72.6	Yes
PFI and Finance Leases	0.00	0.00	0.00	0.00	Yes
Total debt	62.6	62.0	62.6	72.6	YES

- 1.8 Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt was above the operational boundary for nil days during the first six months of the year.
- 1.9 **Proportion of Financing Costs to Net Revenue Stream:** Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP / loans fund repayments] are charged to revenue.
- 1.10 The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants and rents for the HRA.

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget
<u>General Fund</u>				
Financing costs (£m)	1.8	1.8	2.2	2.2

Proportion of net revenue stream	11%	10%	12%	13%
<u>Housing Revenue Account</u>				
Financing costs (£m)	1.2	1.2	1.3	1.3
Proportion of net revenue stream	7%	6%	6%	6%

- 1.11 **Treasury Management Indicators:** These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments) are within the Treasury Management Half-Yearly Activity Report 2023/24.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 24
JANUARY 2024

Title of Report	CORPORATE RISK UPDATE	
Presented by	Paul Stone Director of Resources	
Background Papers	Corporate Risk Update (Audit and Governance Committee 25 October 2023) NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL	Public Report: Yes
Financial Implications	There are no financial implications to be considered.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	There are no direct legal implications arising from this report.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no direct Staffing or Corporate arising from this report.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide Committee members with an update in respect of the Council's corporate risk register.	
Recommendations	THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES AND COMMENTS ON THE LATEST CORPORATE RISK REGISTER	

1.0 BACKGROUND

- 1.1 As part of the agreed Risk Management approach this report presents the latest version of the Corporate Risk Register was reviewed at the last meeting of the officer Corporate Risk Scrutiny Group on 4 January 2024. In line with the policy, members of this Committee, and Cabinet are to receive periodic updates on risks monitored through the Corporate Risk Register.

2.0 RISK REGISTER

- 2.1 The updated Risk Register can be found at Appendix 1.
- 2.2 Out of the 17 active risks, none are red, eight are amber and nine are green. There have been some narrative changes and these are shown in red text.

- 2.3 The Director of Resources acts as lead for corporate risk and is satisfied that the main risks posed to the organisation have been captured within the risk register and that control measures to mitigate these risks are appropriate. The report is based on an update in January 2024, any further update on significant changes in risk will be provided at the meeting.
- 2.4 The Audit and Governance Committee is asked to review and note this risk update and provide any feedback they wish to be considered by the Risk Scrutiny Group at its next meeting.

Policies and other considerations, as appropriate	
Council Priorities:	Effective risk management underpins the ability of the Council to deliver against all its priorities.
Policy Considerations:	None.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment, Climate Change and Zero Carbon	None.
Consultation/Community/Tenant Engagement:	As contained within the report.
Risks:	The Council manages its risks within existing budgets. Effective risk management protects the Council from insurance and/or compensation claims, fraud, and a range of other financial and non financial risks.
Officer Contact	Paul Stone Director of Resources Paul.stone@nwleicestershire.gov.uk

Corporate Risk Register													
Ref No.	Risk Description	Consequence	Cause	Inherent Risk			Responsibility of	Responsible to	Control Measures	Residual Risk			Movement of Risk
				Impact	Likelihood	Rating				Impact	Likelihood	Rating	
49	SOCIAL/ POLITICAL/ LEGAL Death / serious harm to a vulnerable person receiving a council service and safeguarding compliance	A serious case review arising from death/serious harm to a vulnerable person. Reputational damage to council. Loss of confidence in ability of council to deliver services. Ensuring compliance with Safeguarding legislation and practise.	Lack of response to a safeguarding report.	4	3	12	Environmental Health and Community Safety Team Manager	Head of Community Services	The organisation has the following structures in place;	3	2	6	Increasing
			Service failure.						An audit in 2021 with action plan of reasonable assurance				
			Modern slavery.						An identified Corporate Lead				
			poor safeguarding assurance						An identified Team responsible for Safeguarding (Community Safety) with responsibility embedded into Team Leader role and an officer (Child and Adults at risk Officer).				
									An agreed Safeguarding Policy refreshed as required				
									An identified group of Designated Safeguarding Officers (DSO's)				
									A programme of regular DSO meetings which consider training, best practice and case issues				
									An annual training programme to ensure new DSO's are well informed and trained				
									A quarterly senior management review by the Head of Community Services of all cases to check progress/close cases				
									Annual report to CLT and Corporate Scrutiny as required by exception.				
									A weekly case management review meeting by Environmental Health & Community Safety Team Leader to ensure all cases progressed				
									Commitment to raise awareness of the scale and extent of modern slavery in the UK and ensure our contracts and supplies don't contribute to modern day slavery and exploitation.				
									A computerised system of reporting and managing reports introduced in 2019, will ensure constant reminders of new cases, sending alerts at all points in the procedure.				
2	FINANCIAL/ COMMERCIAL/ REPUTATIONAL Mismanagement of council finances	Central Government intervention/special measures. Adverse publicity. Possible litigation. Withdrawal of services. Inability to deliver council objectives	Mis-interpreting of or not responding appropriately to a change in fiscal policy.	4	2	8	Head of Finance/Ds151	Director of Resources	Statutory compliance with CIFPA codes, accounting codes, and audit processes (external and internal) Updated to reflect new constitution	4	1	4	Stable
			Poor budget planning / management.						Regular management reviews monitor actual spend against budgets and forecast to the end of the year.				
			Internal financial systems and regulations not being properly applied.						Regular reporting and challenging at Corporate Leadership Team (CLT) and reported to Cabinet quarterly. Sound policies and procedures are in place.				
			Failure to meet statutory deadlines for financial reporting.						Financial planning processes have been documented and are reviewed regularly.				
									Internal and External audit of systems and accounts.				
									No risky investments. Good governance arrangements with a monthly Statutory Officer meeting.				

Corporate Risk Register													
Ref No.	Risk Description	Consequence	Cause	Inherent Risk			Responsibility of	Responsible to	Control Measures	Residual Risk			Movement of Risk
				Impact	Likelihood	Rating				Impact	Likelihood	Rating	
									Robust level of general fund reserve to meet unknowns.				
									New finance system implemented with increased controls and planned dashboard reporting				
3	REPUTATIONAL/ LEGAL COMMERCIAL Insufficient resources due to unplanned / unforeseen absences / vacancies / changes to financial picture	Council unable to perform its statutory duties and/or deliver objectives. Council's Partners unable to perform duties. Inflationary pressures. Use of external resources at significantly higher cost. Short / Medium Term Exposure.	Failure to horizon scan and interpret future needs in crucial roles. Changes to income or financial climate Inability to recruit to vacancies / retain staff globally or in specialist areas . unexpected or unplanned event (eg pandemic)	3	3	9	Head of HR and OD & Head of Finance Ds151	Chief Executive	Membership of CIPFA and engagement of Arlingclose gives access to specialist advice, analysis and expertise. Transformation Programme to be developed to support the balancing of the budget over the medium-term. Advance planning to mitigate this risk; recent COVID experience demonstrates NWL able to react and adjust Recruitment and retention report considered by CLT and non pay benefits improved during the last year to attract and develop the right skills, and promoting existing staff talent through secondments and tailored development programmes. IIP. silver award achieved in 2022. New focus on Apprenticeships development to allow the Council to 'grow our own' and to tackle ageing workforce distribution. Ability to divert resources from other services, bringing in additional resources from other sources (e.g. Agencies, Consultants, Voluntary/ Community sector etc.) would be activated. Market conditions are tested through recruitment processes, some challenges in some specialist areas The Council can offer a package of additional benefits to enhance the recruitment offer. Mitigations in place for variety of staffing related aspects - eg mental health awareness, overall wellbeing work etc The Council has developed innovative partnering relationships with other sectors including the private sector to make posts uniquely attractive.	3	2	6	Stable
4	LEGAL / FINANCIAL Contracts are not properly procured and managed	Council liable to incur additional costs, contract overrun, litigation and potential health & safety issues as well as service disruptions.	Failure to monitor contractors appropriately. Legal and procurement teams not consulted when contractors are engaged. Loss of key staff or supplier. Procurement procedures are not followed. The council contributes to modern slavery via it's	3	3	9	Finance Team Manager. All Team Managers.	All Heads of Service	Oversight Board structure in place to oversee major project work and compliance group now in place to oversee these elements of contracted work. Corporate procurement support and legal team to support where necessary on contract management. Review of procurement compliance undertaken leading to enhanced contract register and updated strategy Recasting procurement functions activity, processes and focus of training and education for staff in 2023. Training delivered in November 2023. Procurement toolkit to be produced to cover majority of lower value procurements with high value and complex procurements to be supported by specialised function.	2	3	6	Stable

Corporate Risk Register													
Ref No.	Risk Description	Consequence	Cause	Inherent Risk			Responsibility of	Responsible to	Control Measures	Residual Risk			Movement of Risk
				Impact	Likelihood	Rating				Impact	Likelihood	Rating	
5	LEGAL / TECHNOLOGICAL Loss or unlawful use of personal data constituting breach of data protection legislation	Monetary penalties from ICO, adverse publicity, private litigation and personal criminal liability of officers.	Systems not in place to protect sensitive data.	4	3	12	Legal Services Team Manager	Head of Legal & Support Services	Policies and procedures are in place and rolled out. Regularly reviewed and compliance is monitored.	2	2	4	Stable
Staff are not properly trained in managing information, and do not follow internal procedures.			Corporate Governance training is undertaken annually and includes information governance as appropriate to reflect changes in legislation. E-learning module updated and rolled out as mandatory annual training for all staff. Information Governance training delivered to leaders in November 2023.										
Changes in working practises			The Council has a dedicated SIRO and DPO.										
			Corporate Governance Groups are in place to scrutinise impacts/issues arising.										
			Internal audit was carried out in December 2019. The outcome of the audit was a Grade 1. One medium risk recommendation										
		Information Governance Team to cooperate with the supervisory authority and monitor compliance with Data Protection laws.											
6	LEGAL / REPUTATIONAL / COMMERCIAL Failure to respond to an emergency in an appropriate manner	General public at risk of harm or unable to access relevant services (e.g. emergency accommodation or rest centre).	Lack of planning, training and exercising of Emergency plans	4	3	12	Head of Human Resources and Organisation Development	Chief Executive	Business continuity plans have been documented, policies and procedures are in place. LRF and Council resilience discussions to consider plans in light of possible impacts of power outages. Exercises local and national planned in early 2023	4	1	4	Stable
Adverse publicity. "Business as usual" not possible without appropriate business continuity plan in place.			Inadequate Corporate Business Continuity Management.						The Local Resilience Forum (LRF) partnership arrangement with all Leicestershire and Rutland authorities provide resilience during civil emergency situations.				
Breakdown in relationship with other responders.			Lack of procedural understanding						Business Continuity exercises show the readiness of the Council to deal with emergencies. System of ICO / FLM duty rotas is in place and continued reassessment for ongoing incidents. COVID experience shows capability and ability to perform.				
7	LEGAL/ TECHNOLOGICAL/ COMMERCIAL Infiltration of ICT systems	"Business as usual" would not be possible. Cost of repelling cyber threat and enhancing security features.	Systems not in place or kept current to deflect any foreseeable cyber attack, including those attackers using generative AI, which is increasing in the industry.	4	3	12	ICT Manager	Director of Resources	Fully resilient network environment in place with no single points of failure for core systems. Systems which are running on premis have a daily off site backup regime. In the case of on premis systems which become unavailable for any reason, services would need to revert to their service BCP's in order to resume service.	3	2	6	Stable
Limited staff awareness of possible threats.			Yearly IT security health check and PEN (penetration) testing carried out, by a CREST security accredited supplier, with remediation action plan in place to mitigate any risks found. In 2024 we had 0 critical, 6 high, 3 medium and 23 Low issues. The 5 high issues have now been remediated.										
Lapse in security awareness and basic processes from a technical and human perspective.			Phishing campaigns ran twice a year to test staff security awareness and feedback results to CLT, with improvement plans in place for those who have not passed the test.										

Corporate Risk Register													
Ref No.	Risk Description	Consequence	Cause	Inherent Risk			Responsibility of	Responsible to	Control Measures	Residual Risk			Movement of Risk
				Impact	Likelihood	Rating				Impact	Likelihood	Rating	
52									Quarterly Cyber Security awareness training held for staff and new starters, to protect staff at work and in the office.				
									New business services are run in remote fully resilient data centres and existing systems are being progressively migrated to these cloud computing centres.				
									Diversity of environments used to avoid single point of failure risk, with backups now in the cloud, moving away from tapes				
									Improved business recovery arrangements have been implemented to minimise recovery time. Accreditation to Cyber Essentials and the Public Services Network.				
									Latest Audit / assessments all confirm secure environment with reasonable assurance. Some formalisation of processes required and review of backups restoration window. Purchase of external vulnerability scanner now in place which allows us to scan and monitor our external perimeter on a daily basis and proactively mitigate issues. CCOE latest scan showed 27 medium and 102 Low Vulnerabilities, which we are working to mitigate using the tool which we have purchased				
									An annual external audit of IT assessed the organisation's IT arrangements in a range of areas against best practice. The outcome of the audit in 2023 was, reasonable assurance, with three high recommendations and four mediums, mainly around backup and formalisation of processes, plans have been put in place to address these and provides assurance that the organisation's IT arrangements are solid, sound and secure. All remediations from the 2023 IT audit have been completed.				
8	COMMERCIAL / POLITICAL / FINANCIAL Projects are poorly managed	Failure of proposed projects could result in failure to achieve overall objectives. Inefficient use / waste of resources.	Failure to implement project management techniques. Poor corporate oversight of projects. Inadequate controls on expenditure and poor budget	3	3	12	Strategic Directors	Chief Executive	Greater use of professional project managers for key projects. Work ongoing to address project methodologies deployed across the council. Greater use of external / out of subject board members. Board structure covering all major projects in place	3	2	6	Stable
									Properly convened project teams with PID and project plan in place, including project risk registers. Progress on corporate projects scrutinised by CLT. Implementation of contract management framework for outsourced services. Scrutiny of quarterly monitoring reports on capital expenditure.				

Corporate Risk Register													
Ref No.	Risk Description	Consequence	Cause	Inherent Risk			Responsibility of	Responsible to	Control Measures	Residual Risk			Movement of Risk
				Impact	Likelihood	Rating				Impact	Likelihood	Rating	
11	FINANCIAL / COMMERCIAL / ECONOMIC The Council is subject to a reduction in income long term	Services are unable to be delivered. Potential staff redundancies. Funding of external groups is withdrawn. Potential breach of statutory duties/ability to deliver objectives compromised	Gov plans reduction in business rates share to NWL. Changes to the local authority financial settlement. Economic downturn / recession. Commercial opportunities not progressed. Changing rent policies.	4	4	16	Head of Finance. All Heads of Service.	Directors. Chief Executive.	Medium Term Financial Plan in place, and is updated as part of the budget setting process. A clear financial strategy was established as part of the budget setting for 2023/24. Head of Finance monitoring of Local Government funding reviews - business rates review not expected until 2026/27 and fair funding review delayed again. Funding advisor engaged. Economic Development Team promotes business offer. Participation in Business Rates Pooling. Accessing external funding where appropriate. Income collection procedures in Revs & Bens Service and Housing sound. Leicestershire Revenues and Benefits Partnership have two trained officers working solely on Council Tax Reduction Scheme Fraud and act as Single Point of Contact for DWP referrals.	2	3	6	Stable
54	12 POLITICAL / ORGANISATIONAL The Council is affected by Local Government Reorganisation	a) Change to Local Government structure in Leicestershire/East Midlands, including potential merger of district councils/county council or development of a Combined Authority for the East Midlands, or elected Major either of which could lead to: - Change in location for service delivery/staff - Reduction of control over local matters - Change in financial situation - Staff redundancies - Alternative political structure and governance arrangements - Changes in services to be provided and organisation culture - Deterioration in staff morale and negative effect on staff recruitment and retention - Ineffective engagement with staff, Members and residents in considering, and responding to, proposals. - Diversion of senior staff resources to respond to proposals.	Political direction to consolidate local government tiers to potentially seek greater efficiency and co-ordination	4	3	12	Chief Executive and Head of Legal and Support Services.	Chief Executive	Active engagement with political leaders and Chief Executives across the County and East Midlands so NWL's needs are taken into account in any proposals. Open and transparent communication of NWL position to all stakeholders. Senior management and politicians stay close to project and monitor progress. Internal and external communication plans in place, including for key decision points. Government stance changed to no longer pursue wholesale LGR - County Deals not linked to LGR. Leicestershire Cat 2 County Deal	1	3	3	Stable
13	POLITICAL / ORGANISATIONAL The Council is affected by the UK's departure from the EU	The UK's departure from the EU, leads to impacts on supply of goods, staff, services generally. Specifically increase in checks on goods by Environmental Officers at East Midlands Airport meaning increase in resources / costs.	UK departure from EU/Brexit	4	4	16	Chief Executive and Head of Economic Regeneration & Team Manager for Environmental Health	Directors & Chief Executive	Engage with National Local Authority steering groups for border control at strategic & operational levels. Implement communication strategy for local businesses so technical notices are shared, with appropriate signposting. Work with LLEP and Chamber of Commerce to provide business advice and support to address changes to legislation & certification. Watching brief localised assessment of potential impact around East Midlands Airport. Participate in Multi-agency Leicestershire Resilience Forum framework, with risk assessment and mitigation plan to be prepared. Applied for and gained additional support funding for Port activity up to 31 March 2024	2	2	4	Stable

Corporate Risk Register													
Ref No.	Risk Description	Consequence	Cause	Inherent Risk			Responsibility of	Responsible to	Control Measures	Residual Risk			Movement of Risk
				Impact	Likelihood	Rating				Impact	Likelihood	Rating	
14	ORGANISATIONAL/FINANCIAL Council is subject to large scale and medium term reduction in staffing/supplies/increase in restrictions etc leading to risks and ongoing medium/long term impacts on either the financial or reputational standing of the Council	Financial, reputational and political damage to Council.	Pandemic, national/global infrastructure interruption, supply chain mass failure over medium / long time period	4	4	16	Chief Executive, Directors, Heads of Service	Chief Executive	Balanced budget achieved with additional government grant support. Continued active engagement and lobbying through LGA and the Society of District Councils Network to ensure that all options for support are considered and actioned where possible. COVID 19 experience has led to myriad of changes to make service provision more robust . Further mitigations for other similar events in place - eg promotion of vaccinations, system readiness and employment remotely, updating Business Continuity plans etc Enagment with LRF processes and training	2	2	4	Stable
15	ORGANISATIONAL//POLITICAL No overall control of the Council following the May 2023 elections could lead to instability in the decision making process which could impact adversely on service delivery	Financial, reputational and political damage to the Council. Slower decision making.	The election in May 2023 changed the political make up of the Council	3	3	9	Chief Executive, Directors, Heads of Service	Chief Executive	There has been extensive work by officers to work with all Groups to minimise the impact. This work has been supplemented by external engagement with the Local Government Association. The work undertaken to date includes: regular briefings with all Groups, a member induction programme, a continuing training programme for councillors, clarity on the roles of councillors on each committee and engaging with staff to raise their awareness in dealing with/responding to/working with councillors.	2	3	6	Stable
55	ORGANISATIONAL/REPUTATIONAL There is greater focus from Government and regulators on the local government sector. There is a risk of an impact of an adverse external assessment on the Council. If this risk materialised it could impact on service delivery, performance levels, governance and decision making arrangements	Financial, reputational, legal and political damage to the Council.	Greater focus on the local government sector from Government and regulators following high profile council 'failures'	4	2	8	Chief Executive, Directors, Heads of Service	Chief Executive	The Council has in place a range of controls including financial procedures, governance framework, performance management framework, project management methodology, strategies, controls underpinning its operations, clear communication with staff, Statutory officer meetings and internal audit plan. The Council is aware of the creation of the Office for Local Government and is actively working to understand the implications/requirements for the Council.	2	2	4	Stable

Corporate Risk Register													
Ref No.	Risk Description	Consequence	Cause	Inherent Risk			Responsibility of	Responsible to	Control Measures	Residual Risk			Movement of Risk
				Impact	Likelihood	Rating				Impact	Likelihood	Rating	
17	SOCIAL/POLITICAL/REPUTATIONAL - Climate Change / Zero Carbon delivery	The failure of the Council to Council to achieve carbon neutrality for its operations by 2030 and carbon neutrality for the District by 2050. This may have long term impacts on both the financial picture of the council and the ability of key service provision in the long term.	Inability to deliver programme due to resource / financial / operational / proecdural process. Inability to gain action by partners	3	4	12	Chief Executive, Directors, Heads of Service	Chief Executive	Achievement of the carbon reduction ambitions are mainly vested in a Climate and Environment Strategy and Zero Carbon Programme. The Action Plan contains planned and programmed actions and is reviewed annually. It will quantify the estimated net financial costs and net carbon savings associated with the contents of the Plan. Attaining the targets in the Plan is one of the Corporate Plan Key Performance Indicators. Whilst the action plan has been agreed it does contain several actions where funding has not been committed. The Strategy and Plan have identified the main carbon emissions sources. The Council will be alive to the many and various windfall opportunities for interventions in between the annual Plan revisions where these are considered likely to make significant impacts on reducing emissions. Emerging statute and government policy will exert significant influence over the Council's operations and indirect influence in relation to climate change.	2	2	4	Stable

Corporate Risk Register													
Ref No.	Risk Description	Consequence	Cause	Inherent Risk			Responsibility of	Responsible to	Control Measures	Residual Risk			Movement of Risk
				Impact	Likelihood	Rating				Impact	Likelihood	Rating	

Assessing the likelihood of a risk:

1 Low	Likely to occur once in every ten years or more
2 Medium	Likely to occur once in every two to three years
3 High	Likely to occur once a year
4 Very high	Likely to occur at least twice in a year

1 Low	<p>Loss of a service for up to one day, Objectives of individuals are not met No injuries</p> <p>Financial loss below £10,000 No media attention No breaches in council working practices No complaints / litigation</p>
2 Medium	<p>Loss of a service for up to one week with limited impact on the general public Service objectives of a service unit are not met Injury to an employee or member of the public requiring medical treatment Financial loss over £10,000 Adverse regional or local media attention – televised or newspaper report Potential for a complaint litigation possible Breaches of regulations / standards</p>
3 High	<p>Loss of a critical service for one week or more with significant impact on the public and partner organisations Service objectives of the directorate of a critical nature are not met Non- statutory duties are not achieved Permanent injury to an employee or member of the public Financial loss over £100,000 Adverse national or regional media attention – national newspaper report Litigation to be expected Breaches of law punishable by fine</p>
4 Very high	<p>An incident so severe in its effects that a critical service or project will be unavailable permanently</p> <p>Strategic priorities of a critical nature are not met</p> <p>Statutory duties are not achieved Death of an employee or member of the public Financial loss over £1m. Adverse national media attention – national televised news report Litigation almost certain and difficult to defend Breaches of law punishable by imprisonment</p>

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 24
JANUARY 2024

Title of Report	UPDATE ON ACTION PLAN IN RESPONSE TO ANNUAL INTERNAL AUDIT OPINION 2022/23	
Presented by	Paul Stone Director of Resources	
Background Papers	Management Response to Internal Audit Opinion 2022/23 – Audit & Governance Committee 26 July 2023 NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL	Public Report: Yes
Financial Implications	There are no direct financial implications to be considered. Signed off by the Section 151 Officer: yes	
Legal Implications	There are no direct legal implications arising from this report. Signed off by the Monitoring Officer: yes	
Staffing and Corporate Implications	There are no direct staffing or corporate implications arising from this report. Signed off by the Head of Paid Service: yes	
Purpose of Report	This report provides an update on the findings of the Management Response to the Internal Audit Opinion 2022/23.	
Recommendations	THAT THE COMMITTEE NOTES AND COMMENTS ON THE PROGRESS AGAINST THE ACTIONS AGREED IN RESPONSE TO THE ANNUAL INTERNAL AUDIT OPINION 2022/23.	

1.0 BACKGROUND

- 1.1 In accordance with the Public Sector Internal Audit Standards (PSIA) the Chief Audit Executive (the Internal Audit Manager at North West Leicestershire District Council) is required to produce an annual report. The report for the financial year 2022/23 was considered by the Audit and Governance Committee at its meetings on 26 July 2023 alongside details of the management response and action plan.

- 1.2 The Opinion describes the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. The Internal Audit Annual Opinion for 2022/23 is “Limited Assurance”.
- 1.3 It was recognised that the level of assurance is not acceptable and that improvements were required. Therefore, an Action Plan was developed to address the concerns and issues raised.

2.0 UPDATES TO THE ACTION PLAN

- 2.1 In response to the Opinion and recognising the context within which the Opinion has been determined, the Corporate Leadership Team is progressing a number of key actions. It was agreed at the Audit and Governance meeting on 26 July 2023 that status updates would be presented to future committee meetings.
- 2.2 A copy of the Action Plan and progress to date is presented at Appendix 1.

Policies and other considerations, as appropriate	
Council Priorities:	The priorities are: Planning and regeneration Clean, green and Zero Carbon Communities and Housing A well-run council
Policy Considerations:	Not applicable.
Safeguarding:	Not applicable.
Equalities/Diversity:	Not applicable.
Customer Impact:	Not applicable.
Economic and Social Impact:	Not applicable.
Environment, Climate Change and Zero Carbon	Not applicable.
Consultation/Community/Tenant Engagement:	In developing the Action Plan there has been extensive engagement with statutory officers, the Corporate Leadership Team and the Internal Audit Manager.
Risks:	The Council’s governance arrangements are a critical part of its operations to ensure decision making is robust and effective. Internal audit is an important part of these governance arrangements. There are a number of risks to the Council if it does not have a properly functioning internal audit function. These potential risks include reputation,

	poor decision making, fraud, lack of control and inadequate assurance.
Officer Contact	Paul Stone Director of Resources paul.stone@nwleicestershire.gov.uk

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Management Actions in Response to Annual Internal Audit Opinion 2022/23

Action	Current Status Position	Work to Fully Implement Action	Timeline for Delivery	Lead Officer	Comments
Deliver the internal audit plan for each year	The Internal Audit Plan for 2023/24 has been signed off by Corporate Leadership Team and approved at Audit and Governance Committee on 26 April 2023	Progress on delivery of the Plan is reported to CLT and A&G Committee throughout year	March 2024	Internal Audit Manager	Ongoing – quarterly reports have been provided to CLT and A&G
		Internal Annual Report for 2023/24 to provide final performance	July 2024		
		Internal Audit team is resourced to deliver the Plan. Position to be reported in Quarterly Report to Audit Governance Committee (see action below)	July 2024		Internal Audit Assistant started early October. The Audit Manager has been unable to recruit to the second vacancy. Additionally, the Service has been unable to secure any agency staff to carry out housing audits. This will have an impact on the completion of the audit plan. The Service is continuing to try and fill the vacancy working with the Head of HR and OD in doing so.
Strengthen performance management process for implementation of internal audit recommendations	Initial conversations between Statutory Officers and Internal Audit Manager have established initial improvements	Fully review current IA Recs implementation performance management process	Sept 2023	Director of Resources	Internal Audit Recommendations are reviewed by CLT monthly. Audit Committee may ask Heads of Service/Directors to attend meetings where recommendations fail to be implemented.

Action	Current Status Position	Work to Fully Implement Action	Timeline for Delivery	Lead Officer	Comments
					<p>The process for consideration of Internal Audit Recommendations and their subsequent implementation has been reviewed. Departmental and Directorate management meetings will consider Internal Audit recommendations. If there appears to be a failure to implement recommendations these will be considered at the Statutory Officer meeting and subsequently at CLT, and Audit and Governance Committee if required.</p>
		Assign audit recommendations to the officer responsible for implementing them	July 2023	Internal Audit Manager	Completed
		Internal Audit to attend Team meetings at least six monthly. [Head of Service to invite Internal Audit. Internal Audit to produce record of meeting]	Sept 2023	Head of Service / Team Manager	<p>IA has been invited to two meetings – Housing in July 23 and Community Services 24/10/23. The IA Manager is a member of the Legal and Support Services Management Team and attends Management Team Meetings. No further requests to attend meetings have been received.</p>

Action	Current Status Position	Work to Fully Implement Action	Timeline for Delivery	Lead Officer	Comments
		Enhanced initial process - statutory officer sessions for recommendation owners to justify their plan for delivery of recommendations	July 2023	Director of Resources	Completed. Standing item at CLT meetings. Monthly Statutory Officer meeting will also review as appropriate.
		Attendance at Audit and Governance Committee for CLT Lead to report progress on delivery. On an exception basis for late or extended recommendations.	Sept 2023	Director of Resources	See above.
Strengthen reporting process to Audit & Governance for internal audit recommendations		Review the reporting process	Sept 2023	Director of Resources	Completed. Recommendations list is now part of the Statutory Officers monthly meeting.
		Implement enhanced exception reporting (with focus on extensions and missed deadlines) for recommendation owners with Statutory Officer and at Audit & Governance Committee	December 2023		Complete Statutory Officer meetings to discuss recommendations have been scheduled.
		Embed the new process into the Council's way of working	March 2024		See above.
Increased capacity of internal audit resources / team	<ul style="list-style-type: none"> o A review of the team was undertaken in Autumn of 2022. o A new structure was agreed by all partner Council's. o NWL agreed additional resources as part of its 2023/24 	Fully recruit to new Internal Audit structure. Currently there is one post in the process of recruitment.	Sept 2023	Internal Audit Manager	See above re – staffing. Trying to source agency support to enable the plan to be implemented.

Action	Current Status Position	Work to Fully Implement Action	Timeline for Delivery	Lead Officer	Comments
	<p>base budget in February 2023.</p> <ul style="list-style-type: none"> Recruitment to the new structure has commenced with the successful appointment of an Apprentice role 				
Strengthening senior management structure	The Chief Executive reviewed the senior leadership capacity in the organisation in Autumn 2022. Council approved the structure in February 2023 including a Director of Resources (s151 officer) and Head of Finance. The Head of Finance role was recruited to in May 2023. The Director has been recruited and commenced in September 2023.	n/a	n/a	n/a	Completed,
Improve synergies and linkages between internal and external audit		Internal Audit to have regular meetings with External Audit	October 2023	Internal Audit Manager	It is intended to arrange meetings with the External Auditors in the new year to discuss reliance on the audit plan for 2024.
Raise the profile and importance of internal audit in the Council	<ul style="list-style-type: none"> Senior management recognises that internal audit is important to ensure the Council performs effectively. 	The importance of internal audit to staff is communicated to all staff as part of the overall governance framework of the Council by including an Internal Audit module in the	December 2023	Head of Legal and Support Services	Completed. Training provided during w/c 9 October 2023. Further governance training delivered in respect of procurement, decision

Action	Current Status Position	Work to Fully Implement Action	Timeline for Delivery	Lead Officer	Comments
	<ul style="list-style-type: none"> ○ The senior leadership team has been strengthened. ○ Additional capacity has been secured for the Internal Audit team. ○ Reference to role of Internal Audit was included in CLT blog in June 2023. 	annual corporate governance training.			making, finance and information governance. Training will take place annually.
		Review Internal Audit training on their function/role on Skillgate	March 2024	Internal Audit Manager	Face to face training carried out on 11/10/23 for CLT and Team Managers, also open to all other staff, as part of the governance training. Consideration being given to adding something on to Skillgate. IA currently reviewing and updating the fraud module on Skillgate, this will then become a mandatory training module for all staff to complete on an annual basis starting April 2024.
		Directors to ensure their Teams have regard to the assurance framework in their services. Engage Internal Audit as part of Council Delivery Plan/Business Planning process	December 2023	Directors	Statutory Officers have agreed that departments will complete a departmental assurance framework to support this. Template to be developed by the Director of Resources.
		Internal Audit included as part of the decision making/grant bids/project set up process	March 2024	Directors and Heads of Service	
		Review project management templates, toolkit, and guidance to include input from/	March 2024	Director of Resources	Project management policy and templates have been completed.

Action	Current Status Position	Work to Fully Implement Action	Timeline for Delivery	Lead Officer	Comments
		engagement with Internal Audit			Information to be cascaded across the Council.
		Business/Service Plan process and associated templates to be updated to include Internal Audit Plan as a consideration (as part of wider support service engagement)	December 2023	Head of HR and OD	The service plans templates are in the process of being finalised and will incorporate this action.
		Engage internal audit as part of Business/Service Plan process	March 2024	Directors/Heads of Service	
		Consider if managers' Job Description need to be updated to reflect importance of assurance.	March 2024	Head of HR and OD	
		Consider if the staff appraisal process could assist in managing implementation of internal audit recommendations.	September 2023	Head of HR and OD	The annual review guidance is being updated to point managers to the internal audit considerations.
		Internal Audit to produce regular blogs, including case studies of usefulness of early/proactive engagement	March 2024	Internal Audit Manager	No changes yet due to staffing resources.
Improve the accessibility of internal audit reports on the Council's systems.	The Internal Audit team have an existing presence on the Council's intranet.	Review the current intranet presence and accessibility for Internal Audit	July 2023	Internal Audit Manager	A review of the IA intranet page has started. It is intended to fully revamp this page with a new look and more information.
		Implement the findings of the review	December 2023		See above.
Implementation of the Council's new	The new finance system was implemented and	n/a	n/a	n/a	Complete.

Action	Current Status Position	Work to Fully Implement Action	Timeline for Delivery	Lead Officer	Comments
finance system to enhance financial control environment	went live from 1 April 2023. This will improve financial assurance from an internal audit perspective.				
Meetings between Internal Audit Manager and the Chair of the Audit Committee		Set up regular meetings	July 2023	Internal Audit Manager	Meetings arranged to follow the committee pre-meets. Completed
Compliance with CIPFA Position Statement to ensure the Audit and Governance Committee have the required skills and knowledge.	<ul style="list-style-type: none"> ○ Audit and Governance Committee consider in April 2023 ○ Member Working Party established and had their first meeting. ○ Training sessions for Members took place on Role of Audit Committee (5 June) and Treasury Management Training (6 July) 	Developing the training plan by working group	Oct 2023	Director of Resources	Trainings completed in early October.
		Delivery of the training plan	On-going		
		Appointment of independent persons on the Audit & Governance	Oct 2023		This has been out to advert but unsuccessful. To review again.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 24
JANUARY 2024

Title of Report	REVIEW OF THE COUNCIL'S CONSTITUTION 2023/24	
Presented by	Elizabeth Warhurst, Head of Legal and Support Services and Monitoring Officer	
Background Papers	Current Constitution	Public Report: Yes
Financial Implications	There are no direct financial implications arising.	
	Signed off by the Section 151 Officer: yes	
Legal Implications	The Monitoring Officer has reviewed the Constitution to ensure that members and officers can make robust effective decisions. The proposed new version is based on legal advice, best practice and is in compliance with the law.	
	Signed off by the Monitoring Officer: yes	
Staffing and Corporate Implications	There are no direct staffing or corporate implications arising.	
	Signed off by the Head of Paid Service: yes	
Purpose of Report	To ask the Committee to consider the work of the Constitution Member Working Group on reviewing the Constitution for the Council and to recommend its adoption to Council.	
Recommendations	THAT AUDIT AND GOVERNANCE COMMITTEE: <ol style="list-style-type: none"> 1. NOTES THE WORK OF THE CROSS-PARTY WORKING GROUP IN CONDUCTING THE ANNUAL REVIEW OF THE CONSTITUTION; 2. CONSIDERS THE PROPOSED CHANGES TO THE CONSTITUTION, SUMMARISED IN THE REPORT AND AT APPENDIX A AND ILLUSTRATED AT APPENDIX B; 3. RECOMMENDS THE CHANGES TO THE CONSTITUTION TO COUNCIL AT ITS MEETING ON 23 FEBRUARY 2024 FOR ADOPTION WITH EFFECT FROM 7 MAY 2024 	

1.0 BACKGROUND

- 1.1 The Local Government Act 2000 requires each local authority to prepare, keep up to date and publicise the document known as the Constitution.

- 1.2 The Constitution should be logical, integrated, and accessible to members, officers, the public and anyone else interested in the way a local authority makes its decisions. There is also a statutory requirement on the Council's Monitoring Officer to keep the Constitution up to date, and accordingly the update of the Constitution is an on-going process.
- 1.3 Full Council regularly considers items relating to updates to the Constitution. The updates are generally required due to legislative and organisational changes or to clarify and improve processes within the Council to reflect best practice. A detailed review of the Constitution was conducted during 2022/23, involving a cross party member working group. The latest constitution was adopted by Council on 23 February 2023 and came into effect on 9 May 2023.
- 1.4 Given the extensive work which was carried out on the last review of the Constitution, by both members and officers, a "lighter touch" review is appropriate for 2023/24.

2.0 METHOD OF REVIEW

- 2.1 The review of the Constitution was led by legal services and involved consultation with officers on areas of the document which needed to be updated/amended for the purposes of clarity, to reflect any changes in the law and incorporating any feedback raised by members. The Monitoring Officer has also engaged with the Leader and Deputy Leader of the Alliance and Leader and Deputy Leader of the Opposition to ensure that they were kept up to date on the progress of the review.
- 2.2 As with the 2022/23 review and following interest expressed by members in this area of work, a cross party member working group was established to feed into the work on the Constitution. The Constitution Working Group comprised Councillors Everitt, Rogers, Simmons (Chair), Smith and Sutton and it met on the following dates:
 - 19 September 2023
 - 1 November 2023
 - 6 December 2023
- 2.3 At its first meeting, the working group agreed its terms of reference, timetable for the review and the way that it wished to see information presented to it. The appendices to this report reflect the approach agreed by the working group. Appendix A shows the proposed changes in a summary schedule of changes. Appendix B takes extracts from each relevant section of the Constitution and shows the proposed changes as tracked changes. This enables Members to see the proposed changes in one place and in the context of the Constitution document.
- 2.4 Any feedback from the group has been taken into account in updating the relevant sections. Members have provided invaluable insight and constructive challenge to the review process and are thanked for their time and work on this project.

3.0 SUMMARY OF THE MAIN CHANGES PROPOSED

- 3.1 The summary schedule of changes to the Constitution is provided at Appendix A. The updated extract from the Constitution is provided at Appendix B. A hyperlink on the first page helps navigate to the relevant sections. The proposed changes cover the following:

1. Planning Call in

New wording has been drafted on how conflicts of interest are dealt with. The proposed wording does not change the circumstances for when call-in is used or the procedure but clarifies how call-in will be dealt with when the Chair or Vice-Chair are unable to act to call-in an application where they have a conflict of interest. The new wording also introduces the Portfolio holder as decision maker where the Chair and Deputy Chair are both conflicted in making a decision on a call-in request.

Following feedback from Members, the call-in process has been separated out of the functions of the Planning Committee and given its own section and heading. This enables the provisions to be more easily found in the Constitution.

The proposed changes were considered by the Planning Cross Party Working Group at its meeting on 22 November 2023 along with an update to the operational process for call-in. The Group was agreeable to the new wording for the Constitution, and content that the process behind it was consistent with this new wording. The comments of the Planning Cross Party Working Group were fed back to the meeting of the Constitution Working Group on 9 December 2023.

2. Definition of Political Balance

The definition of Political Balance within the glossary has been amended to cross reference to the annual appointments report which is considered by Council at its annual meeting. It is planned to update the annual appointments report to provide more detail on how proportionality is calculated and appointments to committees are made.

3. Right to Buy Delegation

Where the value of a land disposal exceeds £30,000 the decision to make the disposal lies with Cabinet. Additional wording has been added to preclude property being sold under the right to buy scheme.

Applications made by Council tenants under the right to buy legislation are assessed against a set criterion. If the applicant is deemed eligible then the Council is obliged to sell the property, they have no discretion. Given this, it is reasonable, therefore, that this be dealt with at officer level and not seek approval of Cabinet every time a disposal is made.

4. Civic Council and awards element

New wording has been added to the Responsibilities for Functions section of Full Council to enable Council to use its discretion to make civic awards. They may choose the number of awards, what for, when to give them out or choose not to make any awards at all.

5. Definition of Quorum

The definition of Quorum within the glossary has been amended to clarify the position that members have to be physically present in a meeting and entitled to vote when calculating quorum.

6. Ability for Strategic Directors to act on each other's behalf

Prior to 2022, the constitution contained wording which enabled Strategic Directors to step in and exercise the delegated powers of one another. These provisions have been carried forward in the new Constitution but limited only to emergency or urgent situations.

It has been requested that the previous provisions be reinstated for operational consistency, save for those matters which are delegated to the Section 151 Officer which will remain exercisable only by the S151 Officer or their Deputy.

7. Community bodies

References to Community Bodies also include national and regional bodies including the airport, LGA and East Midlands Councils. It is more appropriate to call them Outside Bodies, and it is proposed that all references are changed.

8. Disposal Delegation and Annual Rental Delegation

The Chief Executive suggested to reduce the limit on Delegated Disposals of land/property from £30,000 to £10,000. This is to enable Cabinet to manage the Council's property estate and, in the context of the Council's financial situation, allow transparency and Cabinet understanding the implications of disposing of assets corporately.

The second change in this section of the Constitution relates to the value of the delegations for dealing with leases of the Council's commercial property estate. As currently drafted, the granting of leases would be caught by the above delegation limit (currently £30,000 but proposed to be reduced to £10,000). The previous scheme of delegation had a specific delegation permitting the grant of a lease where the annual rental does not exceed £40,000.

The Council has a large portfolio of commercial properties for let and, for the majority of these, the total rent for the term of the lease will exceed £30,000.

It leaves the Council in a situation where Cabinet Approval is required for each individual lease. This impacts the Council's ability to efficiently operate commercial lettings.

The Head of Economic Regeneration, with the support of the Strategic Directors and the Chief Executive, has suggested to revert back to the previous position. A delegation permitting the grant of leases where the annual rental income does not exceed £40,000 but with the additional safeguards of Market Rent being achieved, a maximum lease of 15 years and only applying to the Council's Commercial Portfolio. Definitions of Market Rent and Council's Commercial Portfolio would be added to the glossary so that it is clear when this delegation can be used. This strikes the balance of member oversight whilst maintaining an efficient commercial letting operation.

9. Planning Code of Conduct

It is proposed to change references to Disclosable Interest and Disclosable Pecuniary Interests in the planning code of conduct to Registerable and Other Registrable interests to provide consistency with the Councillors Code of Conduct.

10. Dispensations in the Councillors Code of Conduct

It is proposed to reword the reference to dispensations in the Councillors Code of Conduct. The revised wording will clarify the intentions and true meaning behind the ability to give dispensations. As currently written, it reads as though the granting of a dispensation only allows a Member to stay in the room (and not vote) but this is not the intention of a dispensation. The granting of a dispensation allows a member to also participate and vote on a matter.

Additional wording is also suggested to the glossary in relation to the definition of dispensations, to include reference to the Monitoring Officer being able to grant them. This provides consistency and accuracy to the provisions of the constitution.

Amended wording is also suggested to the Access to Information Procedure Rules, amending reference from Chief Executive to Monitoring Officer or the Audit and Governance Committee as it is in fact these who have the power to grant dispensations and not the Chief Executive.

11. Independent Persons

There are two types of Independent Persons referred to in the Constitution. The first are those whose role it is to sit on the Audit and Governance Committee. The second are those who are involved in Councillor Code of Conduct matters.

In relation to the former, it is proposed to add wording to the Audit and Governance Committee form and structure section to make it clear that Independent Persons for the Committee will be appointed by the Committee. In practice, the Committee may delegate this function to the Chair and/or a smaller number of members of the Committee.

This follows recent CIPFA guidance that "...recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise."

In relation to the latter, it is proposed that wording is included to specifically identify that the appointment of IP's to the pool, for the purpose of Councillor Code of Conduct matters, will be a function of Full Council. IP's terms of office in this context run for four years.

12. Ordinary Meetings of the Council

A minor change is proposed which clarifies the current wording of what will happen at Ordinary Meetings of full council by adding "any" into all the functions. The consistent use of the word any throughout the paragraph means that each function is not mandatory at every ordinary meeting but should be considered where relevant.

13. Supplementary Estimates

A supplementary estimate is an addition to the Council's agreed budget. Supplementary estimates can be one-offs, or recurring. It is proposed to include a new threshold £0-£9,999 so that the s151 officer can approve low value supplementary estimates to avoid these needing to go to Cabinet.

Cabinet approved this delegation at their meeting on 21 November 2023 and the intention here is to formalise this within the Constitution.

14. Access to Information Rules

It is proposed that all references to the council offices/offices/designated office shall be updated to 'Council Offices' to maintain consistency.

A definition of the term "Council Offices" will also be included in the glossary that's covers Whitwick Business Centre, Stenson House and the Customer Contact Centre as appropriate.

In addition, new wording is proposed to ensure that the legislation is reflected in the Constitution. Where the legislation specifically states that a notice is to be published on both the Council's website, this shall be spelt out specifically and consistently throughout the access to information rules. Previously the language had been used intermittently which was not an accurate reflection of the requirements of the legislation.

- 3.2 In addition to the main changes, a cold read of the entire Constitution will be undertaken to correct any inconsistencies.

Policies and other considerations, as appropriate	
Council Priorities:	An up-to-date modern Constitution helps the Council to make robust and effective decisions and deliver corporate priorities.
Policy Considerations:	N/A
Safeguarding:	N/A
Equalities/Diversity:	N/A
Customer Impact:	The Constitution is made available to customers on the Council's website.
Economic and Social Impact:	N/A
Environment and Climate Change:	N/A
Consultation/Community/Tenant Engagement:	The Monitoring Officer consulted and engaged with the Chief Executive, Directors, Section 151 Officer, other officers, Leader and Deputy Leader of the Alliance, Leader and Deputy Leader of the Opposition, Planning Cross Party Working Group and the Constitution Cross Party Working Group.
Risks:	An up-to-date Constitution which is reviewed regularly ensures that robust and effective decisions can be made by members and officers.
Officer Contact	Elizabeth Warhurst Head of Legal and Support Services elizabeth.warhurst@nwleicestershire.gov.uk

Table of Proposed Changes to the Constitution

For ease, please find [link](#) to the current Constitution

	Item for Review	Current Wording	Proposed Wording	Change
1	Planning Call-in	See para 2.4, page 37 of the Constitution	See Appendix B	<p>The new wording does not change the circumstances for when call-in is used nor does it change the procedure. It simply clarifies the old wording.</p> <p>The new wording does introduce the Portfolio holder as decision maker where the Chair and Deputy Chair are conflicted out of a making a decision.</p> <p>Following the Planning Cross Party Working Group changes were agreed to the call-in process and the wording for the constitution. See appendix B.</p> <p>The changes to the call-in process do not need to be implemented into the constitution as the process is the action taken in order to achieve the constitutional requirements.</p>

				The suggested amended wording in relation to conflicts of interests can be seen in red at Appendix A.
2	Political Balance	The Glossary includes a definition of political balance at page 351 which refers to the relevant legislation that applies.	Definition of Political Balance in the glossary to include additional sentence at the end "Further information is contained in the annual appointments report." See Appendix B	New wording minor amendment to cross reference to the annual appointments report.
3	Right to Buy Delegation	"...the power to dispose of any land or property with a capital value up to or equal to £30,000 is reserved to the Chief Executive and the Strategic Directors in consultation with the relevant Portfolio Holder."	"...the power to dispose of any land or property with a capital value up to or equal to £30,000 is reserved to the Chief Executive and the Strategic Directors in consultation with the relevant Portfolio Holder. For clarity, this clause 8.4 does not apply to disposals under Part V Of the Housing Act." See Appendix B	Additional wording to preclude property being sold under the right to buy scheme. Applications made by Council tenants under the right to buy legislation are assessed against a set criterion. If the applicant is deemed eligible than the Council is obliged to sell the property, they have no discretion. It is correct therefore that this be dealt with at officer level and not seek approval of Cabinet every time a disposal is made. Clause 8.4 of the Scheme of Delegation is potentially ambiguous, so the new wording removes this ambiguity.
4	Civic Council and awards element	There is currently nothing in the Constitution that recognises Civic Awards	New para 38. at Part 2 Responsibilities for Functions Section C Full Council (page 27):	This will enable the Council to use its discretion to make civic awards. They may choose the amount of

			<p>“to make discretionary Civic Awards.”</p> <p>See Appendix B</p>	<p>awards, what for, when to give them out or choose not to make any awards at all.</p>
5	Definition of Quorum	<p>Definition in the Glossary</p> <p>Quorum -The minimum number of people who have to be present before a meeting can take place.</p>	<p>Quorum -The minimum number of people who have to be present and entitled to vote before a meeting can take place.</p> <p>See Appendix B</p>	<p>This clarifies the position that Members have to be physically present in a meeting and entitled to vote when calculating quorum.</p>
6	Ability for Strategic Directors to act on each others behalf	<p>Currently the Strategic Directors can step in and make decisions on each other's areas but only in limited emergency circumstances.</p>	<p>New clause 14 at section G1 Introduction to the officer scheme of delegation</p> <p>“The functions delegated to the Strategic Directors under this scheme of delegation are those functions, which fall within their areas of responsibility. However, save where powers are conferred in accordance with the Strategic Directors position as section 151 officer, Strategic Directors can exercise the powers of other Strategic Directors.”</p> <p>See Appendix B</p>	<p>The constitution prior to 2022 contained wording which enabled SD’s to step in and exercise the delegated powers of one another. These provisions have been carried forward in the new Constitution but limited only to emergency or urgent situations.</p> <p>It has been requested that the previous provisions be reinstated for operational consistency</p>
7	Community bodies	<p>Section E – Roles and Responsibilities for Councillors Part C (page 282)</p> <p>“To actively channel grievances, needs and aspirations of your constituents and community bodies into the scrutiny process”</p> <p>Section G – Planning Code of Conduct para 3.7.3 (page 297)</p> <p>“from membership of other public or community bodies;”</p>	<p>“To actively channel grievances, needs and aspirations of your constituents and outside bodies into the scrutiny process”</p> <p>“from membership of other public or outside bodies;”</p> <p>See Appendix B</p>	<p>In practise, references to Community Bodies also includes national and regional bodies including the airport, LGA and East Midlands Councils. It is more appropriate to call them Outside Bodies.</p>

8	Disposal Delegation and Annual Rental Delegation	<p>“Subject to the agreement of the S151 Officer, the power to dispose of any land or property with a capital value up to or equal to £30,000 is reserved to the Chief Executive and the Strategic Directors in consultation with the relevant Portfolio Holder. Disposal of any land or property with a capital value over £30,000 is reserved to Cabinet.”</p> <p>“...the power to dispose of any land or property with a capital value up to or equal to £30,000 is reserved to the Chief Executive and the Strategic Directors in consultation with the relevant Portfolio Holder.”</p>	<p>Both amendments occur to clause 8.4 in G2.</p> <p>In relation to the Disposal Delegation change reducing £30,000 to £10,000.</p> <p>In relation to the Annual Rental Delegation, an explanation that leasehold disposals are not covered under the delegation 8.4 and instead shall be dealt with using the new clause 8.6: <i>“Subject to the agreement of the Section 151 Officer, the power to grant a lease or licence at Market Rent of any land or property that is part of the Council’s Commercial Portfolio for any period up to a maximum of 15 years where the rent is up to £40,000 per annum is reserved to the Chief Executive and the Strategic Directors in consultation with the relevant Portfolio Holder.”</i> <i>New definitions added to Glossary:</i> “Council’s Commercial Portfolio means Industrial units we hold purely for letting out on a commercial basis. Market Rent a value confirmed by the Council’s valuer as market rent.”</p> <p>See Appendix B</p>	<p>In relation to the Disposal Delegation, reducing the limit on delegated disposals of land/property from £30,000 to £10,000 to enable Cabinet to manage the Council’s property estate and in the context of our current financial situation allowing transparency and Cabinet understanding the implications of disposing of assets corporately.</p> <p>In relation to the Annual Rental Delegation, the previous scheme of delegation had a specific delegation permitting the grant of a lease where the annual rental does not exceed £40,000. We have a large portfolio of commercial properties for let and for the majority of these, the total rent for the term of the lease will exceed £30,000. It leaves the Council in a situation where it requires Cabinet approval for each individual lease which impacts the ability to efficiently operate the commercial lettings.</p>
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9	Planning Code of Conduct	See Part 4 Codes and Protocols Section G Planning Code of Conduct	Turning bold all references to defined terms. Disclosable Pecuniary Interests and Other Registerable interest. Changing all references to Disclosable Interest to Registerable interest and Disclosable Non Pecuniary Interest to say Other Registerable Interest. See Appendix B	These changes provide consistency to the newly adopted Councillor Code of Conduct.
10	Dispensations	See Appendix B – Interests at Councillors Code of Conduct “3.1.Disclosable Pecuniary Interests 3.1.1. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests: a. you must disclose the interest; b. not participate in any discussion or vote on the matter; and c. must not remain in the room unless you have been granted a Dispensation.” Definition of Dispensation “Where Councillors have an interest in a matter, the Audit and Governance Committee may, in some circumstances, grant a Councillor a dispensation to speak, and sometimes to vote, depending upon the nature of the interest.	“c. must not remain in the room unless you have been granted a Dispensation” In relation to the Definition of Dispensation “Where Councillors have an interest in a matter, the Monitoring Officer or the Audit and Governance Committee may, in some circumstances, grant a Councillor a dispensation to speak, and sometimes to vote, depending upon the nature of the interest.”	There are 3 identical changes at this section, 3.1, 3.2 and 3.3. As currently written it reads as though the granting of a dispensation only allows a member to stay in the room but this is not the intention. The granting of a dispensation allows a member to also participate and vote on the matter. By dropping the wording “unless you have been granted a dispensation” down a line, this addresses grammatically the intention of the wording. In relation to the definition of dispensations, including Monitoring Officer as someone who is able to grant them. This is currently omitted but by adding provides consistency and accuracy

		At clause 18.6 of Section c – access to information procedure rules “(f) a note of any relevant dispensation granted by the Chief Executive.”	In relation to section 18.6 Section c – access to information procedure rules “(f) a note of any relevant dispensation granted by the Monitoring Officer or the Audit and Governance committee.” See Appendix B	to the provisions of the constitution. In relation to clause 18.6 Section c – access to information procedure rules, amending reference from Chief Executive to Monitoring Officer or the Audit and Governance committee as it is in fact these who have the power to grant dispensations and not the chief executive.
1 1	Independent Persons	See para 1.7 Section D7 – Audit and Governance Committee. “1.7 Two Independent Persons may be co-opted as required to the Audit and Governance Committee to advise on finance matters or to a Sub-Committee of the Audit and Governance Committee in relation to standards matters but will not be entitled to vote at meetings.”	Change to 1.7 and new 1.8 “1.7 Two Independent Persons may be co-opted as required to the Audit and Governance Committee to advise on finance matters provide appropriate technical expertise or to a Sub-Committee of the Audit and Governance Committee in relation to standards matters but will not be entitled to vote at meetings. It shall be a function of the Audit and Governance Committee to appoint any Independent Person for this purpose.” “1.8 An Independent Person may be co-opted as required to a Sub-Committee of the Audit and Governance Committee in relation to Councillors Code of Conduct matters. Full Council appoint a pool of Independent Persons which can be drawn on for this purpose.”	Within the first change, 1.7, the addition of a wording within the A&G committee form and structure section to make it clear that Independent Persons for A&G Committee will be appointed by the Committee. This follows recent CIPFA guidance that “...recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.” Within the second change, 1.8, identifying that the appointment of IP’s to the pool, for the purpose of Councillor Code of Conduct matters, will be a function of Full Council.

			See Appendix B																																		
1 2	Ordinary Meetings of the Council	<i>Section A2 – Procedure rules</i>	See Appendix B	Inclusion of the words ‘any’ at clauses 2.4.9, 2.4.10 and 2.4.11 to ensure consistency with the other clauses within 2.4.																																	
1 3	Supplementary Estimates	Section F Financial Procedure Rules A.27 <table border="1"> <thead> <tr> <th colspan="3">Approval Level Required</th> </tr> <tr> <th>Value</th> <th>Fully Externally Funded</th> <th>Requires Council Funding</th> </tr> </thead> <tbody> <tr> <td>Between £0 and £99,999</td> <td>Head of Service (then reported to Cabinet at next meeting)</td> <td>Cabinet</td> </tr> <tr> <td>Between £100,000 and £249,999</td> <td>Cabinet</td> <td>Cabinet</td> </tr> <tr> <td>£250,000</td> <td>Full Council</td> <td>Full Council</td> </tr> </tbody> </table> <p>Notes: 1. In all circumstances Supplementary Estimates require approval by the S151 Officer. 2. Council funding includes (but is not limited to) revenue budget, reserves, Section 106, capital receipts and borrowing. S151 Officer decision will <u>undertaken</u> an assessment. 3. Supplementary Estimates should not be artificially disaggregated. 4. Supplementary Estimates rules apply to capital and revenue</p>	Approval Level Required			Value	Fully Externally Funded	Requires Council Funding	Between £0 and £99,999	Head of Service (then reported to Cabinet at next meeting)	Cabinet	Between £100,000 and £249,999	Cabinet	Cabinet	£250,000	Full Council	Full Council	See Appendix B <table border="1"> <thead> <tr> <th colspan="3">Approval Level Required</th> </tr> <tr> <th>Value</th> <th>Fully Externally Funded</th> <th>Requires Council Funding</th> </tr> </thead> <tbody> <tr> <td>Between £0 and £9,999 £99,999</td> <td>S151 Officer-Head of Service [then reported to Cabinet at next meeting]</td> <td>S151 Officer-Cabinet</td> </tr> <tr> <td>Between £10,000 and £99,999</td> <td>Head of Service [then reported to Cabinet at next meeting]</td> <td>Cabinet</td> </tr> <tr> <td>Between £100,000 and £249,999</td> <td>Cabinet</td> <td>Cabinet</td> </tr> <tr> <td>£250,000 and over</td> <td>Full Council</td> <td>Full Council</td> </tr> </tbody> </table> <p>Notes: 1. In all circumstances Supplementary Estimates require approval by the S151 Officer. 2. Council funding includes (but is not limited to) revenue budget, reserves, Section 106, capital receipts and borrowing. S151 Officer decision will <u>undertaken</u> an assessment. 3. Supplementary Estimates should not be artificially disaggregated. 4. Supplementary Estimates rules apply to capital and revenue.</p>	Approval Level Required			Value	Fully Externally Funded	Requires Council Funding	Between £0 and £9,999 £99,999	S151 Officer-Head of Service [then reported to Cabinet at next meeting]	S151 Officer-Cabinet	Between £10,000 and £99,999	Head of Service [then reported to Cabinet at next meeting]	Cabinet	Between £100,000 and £249,999	Cabinet	Cabinet	£250,000 and over	Full Council	Full Council	A supplementary estimate is an addition to the Council's agreed budget. Supplementary estimates can be one-offs, or recurring. Inclusion of a new bracket £0-£9,999 so that the s151 officer can approve low value supplementary estimates to avoid these needing to go to Cabinet. Cabinet approved this delegation on 21 November and the intention here is to formalise this within the constitution.
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1 4	Access to Information Rules	See Part 3 Section C Access to Information	See Appendix B	The current wording of this section has been identified to have an inconsistency of language. All references to the council offices/offices/designated office updated to ‘Council Offices’ to maintain consistency.																																	

				<p>No definition of the Council Offices stipulated to enable discretion between Whitwick business Centre, Stenson house and the customer Contact Centre as appropriate.</p> <p>Para 5.3, 12.1.2, 12.2.2(c) and 15.3 updated to include publication at the Council's offices and on the Councils website to provide consistency with other paragraphs and reflect the legislation. Previously they had only stated that certain notices needed to be published on the councils website when in fact they also need to be published at the Councils Offices.</p>
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Appendix B – Extracts of the Constitution showing proposed changes

1	Planning Call-in
2	Political Balance
3	Right to Buy Delegation
4	Civic Council and Awards Element
5	Definition of Quorum
6	Ability for Strategic Directors to act on behalf of each other
7	Community Bodies
8	Disposal Delegation and Annual Rental Delegation
9	Planning Code of Conduct
10	Dispensations
11	Independent Persons
12	Ordinary Meetings of the Council
13	Supplementary Estimates
14	Access to Information Rules

1. Planning Call-in

SECTION D4 - PLANNING COMMITTEE

1 COMMITTEE FORM AND STRUCTURE

Committee scope

- 1.1 The majority of planning applications are dealt with by Officers under delegated powers from the **Planning Committee**, as they are relatively straightforward. Consequently, the determination of all non-executive decisions under the Planning Acts is delegated to the Strategic Directors, apart from those matters reserved to the Planning Committee under this Section D4.
- 1.2 Where development control functions are discharged by the **Planning Committee**, the meeting will consider applications and related planning matters which are being determined or considered by the Council as the Local Planning Authority.
- 1.3 Without prejudice to the generality of paragraph 1.1 above, the Planning Committee has delegated responsibility for determining the following to the Strategic Directors:
- Agricultural Prior Approval
 - East Midlands Airport Informal Notification
 - Certificate of Alternative Appropriate Development
 - Certificate of Lawful Development – Existing
 - Certificate of Lawful Development – Proposed
 - County Council Consultation
 - Demolition Prior Approval
 - Discharge of Conditions
 - Habitat Regulations Assessment
 - Hedgerow Removal Notice
 - Neighbouring Authority Consultation
 - Non-Material Amendment
 - Overhead Lines Notification
 - Pre-Application Advice
 - Pre-Application Advice - Major
 - Applications querying whether Planning Permission is required
 - Prior Approval for Householder development
 - Works to trees in a conservation area

Composition

- 1.4 The **Planning Committee** will comprise 11 Councillors in **Political Balance**.
- 1.5 The Chair will be appointed by **Full Council** annually.

Quorum

- 1.6 The **Planning Committee Quorum** will be 3 **Councillors**.

Substitutes

- 1.7 Each group may appoint substitutes in accordance with the **Councillors' Substitute Scheme Procedure Rules** in **Part 3**.

2 MATTERS RESERVED FOR THE PLANNING COMMITTEE

- 2.1 The determination of an application that is contrary to the provisions of an approved or draft development plan policy and is recommended for permission, which in the opinion of the relevant Strategic Director the application is likely to:
 - (a) be potentially controversial; or
 - (b) be of significant public interest; or
 - (c) have a significant adverse impact on the environment; or
 - (d) raise matters which should be referred to the Planning Committee.
- 2.2 The determination of an application that is submitted by or on behalf of the Council for its own development, except for the approval of development which is unlikely to have any major impacts and to which no material planning objections (in the opinion of the relevant Strategic Director) have been received.
- 2.3 The determination of an application where a legal agreement (S106 or similar) is required, except in the case of minor non-contentious agreements or minor amendments to existing legal agreements.
- 2.4 Excluding those types of applications detailed at paragraph 1.3 above, the determination of an application where the effective use of the Call- in procedure has been executed in accordance with paragraph 3.:
 - ~~(a) a ward member of the ward to which the application relates or the ward member of an adjoining ward (if that adjoining ward is materially impacted by the application) has notified the relevant Strategic Director (in writing or by email within 4 weeks of being notified of the application) that the application should be determined by the Planning Committee; and~~

~~(b) in the opinion of the Chair having consulted the relevant Strategic Director (or his nominated officer):~~

~~(i) the notification is supported by one or more material planning grounds; and~~

~~(ii) the item relates to a matter of local concern,~~

~~Provided that where the relevant ward member or neighbouring ward member has a disclosable pecuniary interest in the application in question, this “call in” shall automatically be triggered for consideration by the Chair under (b) above.~~

~~Where the Chair decides that an application does not satisfy (b)(i) or (ii) above, written reasons shall be given to the requesting member.~~

2.5 The determination of an application that is recommended for approval by officers and is submitted by:

(a) a serving member or officer of the Council; or

(b) the close relative of a serving member or officer of the Council

except for the approval of an application which in the opinion of the relevant Strategic Director (or a nominated officer) is unlikely to have any major impacts and to which no objections have been received.

2.6 The determination of any application or matter that the relevant Strategic Director refers to the Planning Committee, including (but not limited to) any consultation on an executive function, provided that where the matter referred to the Committee relates to an executive function, the Committee’s view shall be subject to being agreed with the relevant portfolio holder or agreed by Cabinet.

2.7 The making of orders to revoke or modify planning permissions, to impose conditions to remove buildings or repair listed buildings.

2.8 To consider objections or other representations in relation to making tree preservation orders.

2.9 Serving Building Preservation Notices or Listed Building Repair Notices, except where it is necessary to serve a notice in an emergency.

2.10 To determine matters referred to it following the receipt of objections or other representations in relation to:

(a) Public Footpath Orders under the Town and Country Planning Act 1990;

(b) Footpath Diversion Orders under the Highways Act 1980.

3. Call in procedure

3.1 Call -in for the purpose of Para 2.4 is when the Chair of Planning Committee, in

consultation with the Strategic Director (or his nominated officer), is satisfied that the following requirements are met:

3.1.1 the notification is supported by one or more material planning grounds; and

3.1.2 the item relates to a matter of local concern.

3.2 If a decision is made that the application does not satisfy 3.3.1 and/or 3.3.2, written reasons shall be given.

3.3 The Chair of Planning Committee shall have cause to consider a request for Call-in if:

3.3.1 a ward member of the ward to which the application relates or the ward member of an adjoining ward (if that adjoining ward is materially impacted by the application) has notified the relevant Strategic Director (in writing or by email within 28 days of being notified of the application) that the application should be determined by the Planning Committee; or

3.3.2 a ward member of the ward to which the application relates or the ward member of an adjoining ward (if that adjoining ward is materially impacted by the application) has not notified the relevant Strategic Director but has a conflict of interest which would result in them being unable to take part in the application in question.

3.4 If the Chair of Planning Committee is the ward member at (3.3.1) or (3.3.2) above, or the Chair has some other conflict of interest (provided that where the interest falls under para 2.5, the requirements of 2.5 are engaged) then the duty to consider the request for Call-in shall pass to the Deputy Chair.

3.5 If both the Chair and Deputy Chair have a conflict of interest (provided that where the interest falls under para 2.5, the requirements of 2.5 are engaged) then the duty to consider the request for Call-in shall pass to the Planning Portfolio Holder.

3.6 For the purpose of this clause 3 a conflict of interest is where a member has a registerable interest which would prevent them from making a decision in accordance with the Councillors Code of Conduct.

2. Political Balance

Political Balance	Political balance means: (i) That not all seats on the committee, sub-committee or relevant joint authority or joint committee ("the body") are allocated to the same political group; (ii) That the majority of seats on the body are allocated to a political group holding the majority of seats on the Council; (iii) That, subject to (i) and (ii) above, the total number of seats held by each political group on all committees of the Council taken as a whole is proportionate to that group's membership of the authority; and (iv) That, subject to (i) and (iii) above, the number of seats held by each political group on individual bodies is proportionate to that group's membership of the Council. Further information is contained in the annual appointments report.
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3. Right to Buy Delegation
8. Disposal Delegation and Annual Rental Delegation

SECTION G2 - GENERAL DELEGATIONS TO DESIGNATED OFFICERS

1 General

- 1.1 To exercise any functions, powers and duties of the Council to secure the effective management of their service areas including the authorisation of any procedures or contracts within the framework of **Financial Procedure Rules in Part 3** and **Contract Procedure Rules in Part 3**, and taking and implementing decisions to maintain the operational effectiveness of their service areas where these fall within a policy decision made by the Council or Cabinet.
- 1.2 To implement and develop initiatives within the strategic policy framework and other Council plans and policy documents.
- 1.3 To carry out, or authorise the carrying out, of the functions of the **Proper Officer** of the Council in any legislation relating to those areas of responsibility assigned to **Designated Officers**.
- 1.4 To exercise the general power of competence under the Localism Act 2011 where appropriate.

2 Incidental powers

- 2.1 In addition to any of their general and/or specific delegated functions and powers set out below, to enter into arrangements or do anything else which is calculated to facilitate, or is conducive or incidental to, the discharge of such delegated functions.

3 Service Performance

- 3.1 To make arrangements to secure value for money in respect of their service areas, to secure continuous improvement in the way functions are exercised having regard to a combination of economy, efficiency and effectiveness, and to maximise economic, environmental and social value.
- 3.2 To arrange consultation with tax payers, non-domestic rate-payers, service users and other local representatives about fulfilment of the best value duties and to involve representatives of local persons in the exercise of Council functions.
- 3.3 To meet business critical and key performance indicator targets.
- 3.4 To enter into any agreement with any other public body for the supply of goods and/or services subject to this being in accordance with the Council's **Budget and Policy Framework**, the **Financial Procedure Rules in Part 3** and the **Contract Procedure Rules in Part 3**.
- 3.5 To make arrangements for co-ordinating the activities of the Council and those of any charity established for purposes similar or complementary to services provided by the Council in the interests of persons who may benefit from those services or from the charity and to disclose to any such charity any information obtained in connection

with the services provided by the Council.

- 3.6 To approve any severance payment to any Officer up to £20,000 in consultation with the **S151 Officer** and **Monitoring Officer**, provided that any proposed severance payment to the **Head of Paid Service** will be dealt with either by the **Investigatory Committee** or **Full Council** (dependent on the value of the proposed severance payment).

4 **Legal**

- 4.1 To recommend to the **Head of Legal and Support Services**, where it is necessary to give effect to a decision of the Council, the need to institute, prosecute, defend, conduct, participate in, withdraw or settle any legal proceedings brought by or against the Council, to make any necessary applications and to take steps to enhance or protect the Council's legal position or interest.
- 4.2 To recommend to the **Head of Legal and Support Services**, the negotiation and settling of claims and disputes without recourse to court proceedings including the use of alternative dispute resolution.
- 4.3 Subject to the agreement of the **Head of Legal and Support Services**, to authorise Officers to appear on the Council's behalf in proceedings before any Court or Tribunal.
- 4.4 To prepare, issue and serve any statutory notice, demand, certificate, order, or requisition for information in respect of functions in their area, including the authentication of such documents save that the authentication of documents necessary for any legal procedure or proceedings is reserved to the **Head of Legal and Support Services**.
- 4.5 To authorise Officers to enter and/or inspect any land or premises in respect of which the Council has a statutory power or duty to enter or inspect including the obtaining and enforcement of a search warrant.
- 4.6 To authorise any Officer exercising a power to enter and/or seize items found on premises to exercise the powers of seizure, to give the required notice and to perform the duties to return certain items seized and to secure certain items seized.
- 4.7 To apply, or to authorise other Officers to apply, to a Court for a warrant to enter any land or premises, in exercise of his/her responsibilities.
- 4.8 To certify that any document forms part of the records of the Council for the purpose of admitting that document as evidence in civil proceedings.
- 4.9 To authorise the recovery of sundry debts of any sum to which the Council is entitled.
- 4.10 To take the action necessary to comply with any court order made against the Council.
- 4.11 To appoint Officers as authorised Officers for any statutory purpose.
- 4.12 To accept, hold and administer any property on trust (in consultation with the

Head of Legal and Support Services and S151 Officer).

- 4.13 To supply photocopies of documents to the general public subject to making such charges as may be agreed in an approved scheme in accordance with the provisions of the Copyright, Designs and Patents Act 1988.

5 Administrative Matters

- 5.1 Power to deal with requests for access to Council premises by the media.
- 5.2 Power to waive charges, where justified in exceptional circumstances and where this is legally permissible.

6 Finance

- 6.1 Officers are referred to the **Financial Procedure Rules** in **Part 3** of the **Constitution**.

7 Contracts

- 7.1 Officers are referred to the **Contract Procedure Rules** in **Part 3** of the **Constitution**.

8 Property Matters

- 8.1 Any decision concerning the management or use of land held for the operational requirements of the Officers of a service area, subject to the following provisions.
- 8.2 Powers to take any action or sign any document under the Land Registration Rules, including the release of mortgages or charges; and powers to give any undertaking are reserved to the **Head of Legal and Support Services**.
- 8.3 Subject to the agreement of the **S151 Officer**, the power to acquire any land or property with a capital value up to or equalling £100,000 except by use of compulsory powers is reserved to the **Chief Executive** and the **Strategic Directors** in consultation with the relevant Portfolio Holder. The power to acquire any land or property with a capital value over £100,000 is reserved to Cabinet.
- 8.4 Subject to the agreement of the **S151 Officer**, the power to dispose of any land or property with a capital value up to or equal to £30,000 is reserved to the **Chief Executive** and the **Strategic Directors** in consultation with the relevant Portfolio Holder. Disposal of any land or property with a capital value over £30,000 is reserved to Cabinet. [For clarity, this clause 8.4 does not apply to disposals under Part V Of the Housing Act or disposals made by way of lease of 7 years or greater. This is provided for under paragraph 8.6.](#)
- 8.5 Subject to the agreement of the **S151 Officer**, the power to take a lease or licence of any land or property for any period where the rent is up to £100,000 per annum is reserved to the **Chief Executive** and the **Strategic Directors** in consultation with the relevant Portfolio Holder. Taking a lease or licence of any land or property for any period where the rent is over £100,000 per annum is reserved to Cabinet.

8.6 [Subject to the agreement of the Section 151 Officer, the power to grant a lease or licence at Market Rent of any land or property that is part of the Council's Commercial Portfolio for any period up to a maximum of 15 years where the rent is up to £40,000 per annum is reserved to the Chief Executive and the Strategic Directors in consultation with the relevant Portfolio Holder](#)

9 **Emergencies (e.g. flooding, power failure etc.)**

9.1 Where an emergency or disaster involving destruction of or danger to life or property occurs or is imminent or there is reasonable ground for apprehending such an emergency or disaster, all **Designated Officers** may:

9.1.1 incur such expenditure as is considered necessary in taking action (either by the Council itself or jointly with any other person or body and either in their area or elsewhere in or outside the United Kingdom) which is calculated to avert, alleviate or eradicate in the **District** or among its inhabitants the effects or potential effects of the event; and

9.1.2 make grants or loans to other persons or bodies in respect of any such action taken by those persons or bodies, subject to ratification where necessary, as soon as possible, and subject to agreement of a **Strategic Director** or the **Chief Executive**.

9.2 The preparation of Civil Emergency Plans for the Council, in consultation with all necessary outside bodies and organisations.

10 **Responding to consultations and proposals**

10.1 To respond to consultations and to make comments and representations on matters notified to the Council by third parties including (but not limited to) Government Departments, statutory undertakers and local authorities, in consultation with the relevant Strategic Director and **Portfolio Holder**.

11 **Submission of grant funding bids**

11.1 To submit bids for grant funding and/or other financial assistance to Government departments and other organisations and bodies for projects and initiatives consistent with Council policies, following consultation with the relevant Strategic Director and **Portfolio Holder**, and to enter into any such agreements and arrangements as necessary to secure such funding, in accordance with the **Contract Procedure Rules** in **Part 3** and the **Financial Procedure Rules** in **Part 3**.

12 **Complaints**

12.1 To take action regarding complaints received.

12.2 To settle any Ombudsman / Complaint Cases:

12.2.1 cases of alleged maladministration where there has not been a finding of maladministration by the Ombudsman; and

12.2.2 complaints that have been brought against the Council under any of its internal complaints procedures in conjunction with the **Head of Legal and Support Services**.

12.3 To approve compensation payments to remedy complaints in accordance with the Council's Complaints Procedure and **Financial Procedure Rules** in **Part 3**.

13 **Attestation of the Common Seal of the Council**

13.1 A decision of the Council, Cabinet, a Committee or any Officer with delegated authority, will be sufficient authority for sealing any document necessary to give effect to the decision.

13.2 The Common Seal will be affixed to those documents which in the opinion of the **Head of Legal and Support Services** should be sealed or where required by the **Contract Procedure Rules** in **Part 3**.

13.3 The affixing of the Seal on documents shall be attested by the **Head of Legal and Support Services** or any Officer authorised by him/her.

4. Civic Council and Awards Element

SECTION C - FULL COUNCIL

ONLY THE FULL COUNCIL SHALL HAVE RESPONSIBILITY:

1. to approve, adopt and agree changes to the **Constitution** (subject to paragraph 3.12 of Section G3 of Part 2);
2. to approve, adopt and agree changes to the **Budget and Policy Framework**;
3. to approve, adopt and agree changes to the Council's [Pay Policy Statement](#);
4. to approve, adopt and agree changes to the **Councillors' Allowance Scheme in Part 5**, following a report from the Independent Remuneration Panel;
5. to approve, adopt and agree changes to any applications to the Secretary of State for a **Housing Land Transfer**;
6. for the appointment of an Electoral Registration Officer;
7. for the appointment of a Returning or Acting Returning Officer for Parliamentary, local and Police and Crime Commissioner elections and referenda;
8. for Parishes including:
 - 8.1. dealing with any issues relating to the establishment and any community governance review of parish councils and their consequent electoral arrangements;
 - 8.2. dissolving small parish councils under section 10 of the Local Government Act 1972;
 - 8.3. making orders for grouping parishes, dissolving groups and separating parishes from groups under section 11 of the Local Government Act 1972;
 - 8.4. dividing electoral divisions into polling districts at local government elections under;
 - 8.5. making temporary appointments to parish councils;
 - 8.6. changing the name of a parish.
9. for the name and status of areas and individuals including:
 - 9.1. changing the name of the **District**;
 - 9.2. conferring the title of Honorary Alderman or admission to be and Honorary Freeman.

10. for agreeing the basis on which appointments to outside bodies should be made and appointing to outside bodies except where appointment to those bodies is an **Executive Function** or has been otherwise delegated;
11. to agree the appointment of **Councillors** to **Committees** in **Political Balance**;
12. in the absence of any express statutory prohibition, every Board or Committee appointed by the Council may appoint **Sub-Committees** for purposes and duration to be specified by the Board or Committee. They may also make specific delegations to Officers;
13. to elect the Chair and appoint the **Deputy Chair of the Council**;
14. to elect the Leader of the Council for a one year term and to remove the Leader of the Council;
15. to determine annually the revenue and capital budgets (the Medium Term Financial Strategy) and levying Council Tax and the capital programme along with the **Treasury Management** Strategy, Investment Strategy and any Prudential Indicators;
16. to take decisions which would represent a departure from the strategies and budgets previously agreed in the **Budget and Policy Framework** including determining supplementary estimates which are outside the authority spend available to the **Cabinet**;
17. agreeing and/or amending the terms of reference for Non-Executive Committees and working groups (save those constituted by the **Scrutiny Committee**) and deciding on their composition;
18. to make, amend, revoke, re-enact or adopt by-laws and promoting or opposing the making of local legislation or personal Bills;
19. confirming the appointment or dismissal of the **Head of Paid Service**;
20. to designate the appropriate Officer posts as the **Monitoring Officer** and the **S151 Officer**;
21. to appoint **Independent Person(s)** under the Localism Act 2011 in relation to the **Councillors' Code of Conduct** in **Part 4** and Statutory Officer discipline;
22. to appoint Chairs of **Committees** (though Committees may appoint to fill a casual vacancy);
23. to determine any matter which is properly referred to it for determination by a **Committee** or **Sub-Committee** in relation to **Non-Executive Functions**;
24. to determine whether functions which are classified as "Local Choice" functions should be reserved to the Council or exercised by Cabinet;

25. to designate streets for street trading under the Local Government (Miscellaneous Provisions) Act 1982;
26. to discharge all licensing functions and such other matters which must be reserved to the **Full Council** as specified in the Licensing Act 2003 (the “Act”), or any Regulations published in relation to the Act or any other legislation or any statute or regulations amending, consolidating or replacing them including approving, reviewing and revising any Statement of Licensing Policy in relation to the Licensing Act 2003;
27. to discharge all functions which must be reserved to **Full Council** as specified in the Gambling Act 2005, or any other ancillary regulations or legislative provisions amending, consolidating or replacing the same, including:
 - 27.1. approving and revising any Statement of Gambling Policy;
 - 27.2. resolving not to issue any casino premises licences in the next three years;
28. subject to the urgency procedure contained in the **Access to Information Procedure Rules** in **Part 3**, making decisions about any matter in the discharge of an Executive Function which is covered by the policy framework or the budget where the decision maker is minded to make it in a manner which would be contrary to the policy framework or contrary to/or not wholly in accordance with the budget;
29. determining senior management structure of the organisation;
30. agreeing procedure rules, standing orders and financial regulations;
31. proposals relating to district boundaries, electoral wards and the number of district councillors;
32. agreeing an annual schedule of meetings for **Full Council** and **Committees**;
33. adopting and amending the **Council’s Councillors’ Code of Conduct** in **Part 4** and other codes and protocols comprising the ethical framework;
34. accepting the delegation of **Non-Executive Functions** from another local authority;
35. power to promote or oppose local or personal Bills
36. agree payments in relation to termination of employment of statutory Officers and any severance package exceeding £100,000; and
37. all other matters which, by law, must be reserved to Council.
38. [to make discretionary Civic Awards](#)

5. Definition of Quorum

Quorum	The minimum number of people who have to be present and entitled to vote before a meeting can take place.
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6. Ability for Strategic Directors to act on each others behalf

SECTION G1 - INTRODUCTION TO THE OFFICER SCHEME OF DELEGATION

- 1 “Officers” is the term used to refer to the people employed, retained or appointed by the Council to advise and support Councillors and implement their decisions. The term “Officers” in this **Constitution** includes all the people who operate in this capacity including contractors, consultants and agency staff.
- 2 The Council operates a “cascade” principle of delegation to ensure that decisions are taken at the most appropriate level closest to those who will be affected. This means that the majority of the Council's decisions and actions will fall into the category of operational day to day decisions taken by its Officers.
- 3 In order to ensure the smooth functioning of the Council and the efficient delivery of services, **Full Council** and the **Cabinet** have delegated to Officers the powers that they need to perform their roles.
- 4 Certain Officers have specific legal duties to ensure that the Council acts within the law, uses its resources wisely and exercises its powers properly. These Officers are known as “Statutory” or “Proper” Officers and some have specific legal titles in addition to their job titles.
- 5 The way the Council structures its services and its officer arrangements changes from time to time to reflect changes in service delivery and best practice. The current arrangements include a **Chief Executive** (as the most senior officer of the Council) supported by the other senior roles which are set out below and which together are referred to as the “**Senior Officers**”:
 - 5.1 **Strategic Directors** one of whom will be the **S151 Officer**;
 - 5.2 Head of Legal and Support Services (**Monitoring Officer**); and
 - 5.3 Heads of Service.
- 6 The **Head of Paid Service**, the **S151 Officer** and the **Monitoring Officer** are also called “**Statutory Officers**” (because every Council is required by statute - the law - to have these posts).
- 7 It is possible (subject to any legal restrictions) for the roles of the **S151 Officer** and/or the **Monitoring Officer** to be combined with another of the **Senior Officer** posts (or with other Officer posts in the Council).
- 8 There are also a number of formal functions which the Council has to allocate to named Officers called “**Proper Officers**”.
- 9 **Section A** of this Part 2 shows the current management structure of the Council, showing more detail about the roles and responsibilities of the **Chief Officers** and the

Officers supporting them to deliver all the Council's services.

General Principles Relating to Officer Delegation

- 10 For the purposes of Officer delegated powers, both within this part and any other part of the **Constitution**, the term “**Designated Officers**” shall include the following Officers:
 - 10.1 The **Chief Executive**;
 - 10.2 The **Strategic Directors**;
 - 10.3 Head of Legal and Support Services (**Monitoring Officer**); and
 - 10.4 All **Heads of Service**.
- 11 This scheme gives the power for the **Designated Officers** to take decisions and institute any process or take any steps in relation to all the functions in their areas of responsibility except where:
 - 11.1 a matter is prohibited by law from being delegated to an **Officer**, or
 - 11.2 a matter has been specifically reserved to **Councillors** or excluded from delegation by this scheme, by a decision of the **Full Council**, the **Cabinet/Executive** or a **Committee** or **Sub-Committee**.
- 12 No Officer may take **Key Decisions** unless specifically provided for within the **Constitution** or specifically delegated by the **Leader**, the **Cabinet**, a Committee of Cabinet or a **Cabinet Member**.
- 13 The cascade principle under which this Scheme operates means that any Officer given powers under this scheme can further delegate those powers to other Officers either:
 - 13.1 through a Local Scheme of Delegation (which sets out all the standing delegations given to specific Officers in defined areas of the Council's service areas). There is a list of the Local Schemes of Delegation; or
 - 13.2 through a Specific Delegation in relation to an individual decision which must be evidenced in writing using the agreed standard form, dated and signed by the Officer delegating the power and saved on the register of Specific Delegations. A Specific Delegation does not need to be given where an Officer is given delegated powers to action a particular decision by Council, Cabinet or a Committee or Sub-Committee.
14. The functions delegated to the Strategic Directors under this scheme of delegation are those functions, which fall within their areas of responsibility. However, save where powers are conferred in accordance with the Strategic Directors position as section 151 officer, Strategic Directors can exercise the powers of other Strategic Directors.”

General limitations on exercise of powers

- ~~44~~15. Any matters falling within the scope of the Scheme will be subject to any limitation, imposed by statute, by the **Full Council** or **Cabinet** and/or any duly authorised Committee. In addition, in exercising these powers each **Designated Officer**:
- 13.3 Will comply with relevant Procedure Rules including the **Financial Procedure Rules** in **Part 3** and **Contract Procedure Rules** in **Part 3**. In the event of any inconsistency or conflict between the **Financial Procedure Rules** and/or **Contract Procedure Rules** and these delegations then the former shall prevail. In the event that the inconsistency or conflict cannot be resolved by the application of this rule then the matter shall be settled by the **Chief Executive** with advice, where necessary and appropriate, from the **S151 Officer** and/or the **Monitoring Officer**;
 - 13.4 Will not depart from any approved policies, scheme, or, any direction of the **Full Council** or **Cabinet** and/or appropriate Committee;
 - 13.5 Will have due regard to the Public Sector Equality Duty;
 - 13.6 Will consult the appropriate professional or technical Officer of the Council, in particular the **Monitoring Officer** and **S151 Officer**, in any case involving professional or technical consideration not within the capacity of the Officer concerned; and
 - 13.7 Will take account of any Council Strategy and the **Budget and Policy Framework** approved by Council in relation to the management functions for which he/she is authorised.
- ~~45~~16. The exercise by Officers of the powers delegated under this **Constitution** involving the incurring of any expenditure is subject to there being sufficient approved provision within the budget to cover that expenditure.
- ~~46~~17. Any delegation under the Scheme will be without prejudice to the overriding right of the **Council** or **Cabinet** and any duly authorised **Committee** to withdraw or amend the powers or to decide any matter and, in particular, any **Designated Officer** may, in any case, instead of exercising their powers under the Scheme, refer any matter to the **Council**, the **Cabinet** or **Committee** for decision.
- ~~47~~18. The Scheme will also be subject to the right of the **Council** or **Cabinet** and/or any duly authorised Committee to rescind the Scheme or any part or parts of the Scheme.

7. Community Bodies

SECTION E - ROLES AND RESPONSIBILITIES FOR COUNCILLORS

Part A - All Councillors

Standards of Behaviour

1. To adhere to the Nolan principles of Standards in Public Life and the Council's Code of Conduct for Councillors.
2. To respond to communications from or on behalf of your constituents within a reasonable time. To complete and return any questionnaires you may receive from the Council.
3. To uphold the Council's reputation by promoting its policies, values and achievements and to refrain from making comment to the media or other audiences which would be damaging to the image of the Council as a whole.
4. To uphold the office of Councillor and to do nothing which would bring such into disrepute.
5. To treat members of staff with respect and to develop sound, professional relationships with them.
6. To respect the political impartiality of members of staff.
7. To uphold the right of other Councillors who do not necessarily share your views, the right to express their own views and to have the courtesy to listen to those views.
8. To comply with the Council's Standing Orders and to do nothing as an individual which would commit the Council to a particular course of action or leave the Council open to a charge of maladministration.
9. To observe confidentiality.

Commitment to the Council

10. To demonstrate commitment to and work towards achieving the Council's corporate objectives.
11. To demonstrate commitment to the local government modernisation **Agenda** and the principles of Best Value.

Training – Developing

12. Subject to personal circumstances, to set aside time to undergo appropriate training and development.

Seeking Support and Advice

13. To take advice from Officers on any matter of Council business.

14. To seek support from Officers where necessary to develop your representational role.

15. To seek appropriate advice concerning your dealings with the press and public in your representational role.

Communications

16. To develop effective channels of communication with Officers and other Councillors.

Representational Role

17. To bring forward constituents' views and concerns and grievances and to have in place appropriate methods to be available to local constituents and organisations e.g. via holding surgeries, canvassing (other than at election time), making oneself available.

To have contact with constituents and community groups and to represent the people to the Council rather than defending the Council's actions.

To actively reviews steps taken to listen to all the different communities within the ward and to bring forward improvements to ensure that you reach socially excluded groups and minorities.

To actively review steps taken to listen to all the different communities within the ward and to bring forward improvements to ensure that you reach the parts previously missed.

To help and assist local communities and groups in accessing services provided by the Council.

Meetings

18. Upon appointment as a representative of the Council on a community or other body, to regularly attend meetings of that body and to report back to the Council the deliberations of that outside body and to distribute relevant written information.

To regularly attend any internal meetings as required and to participate effectively representing the views of the people at those meetings.

Scrutiny Function

19. To accept that the scrutiny process means that the Council recognises that you have to allow colleagues to publicly question each other.

To co-operate and take part in the scrutiny process of the Council when required.

Part B - The Executive Councillor

To actively build partnerships with outside bodies.

To actively represent the Council at a strategic level where appropriate.

In dealing with resource allocation priorities and the preparation of policy plans, to do such in an impartial and proper manner.

Part C - The Non-Executive Councillor

To carry out the scrutiny function in a proper manner having regard to approved protocols and to seek and take advice from Officers as appropriate.

In formulating proposed changes and in submitting proposals to the Cabinet to do so in a constructive way.

To actively channel grievances, needs and aspirations of your constituents and [community outside](#) bodies into the scrutiny process.

To adhere to the protocols and processes agreed by the Council for operation of the scrutiny function.

Part D - The Chair of the Council

To provide the civic leadership for the Council.

To preside at all meetings of the Council.

To represent the Council in the community at major civic and ceremonial functions.

Part E - The Deputy Chair of the Council

To assist the **Chair** in providing the civic leadership for the Council.

To deputise for the **Chair** in fulfilling the duties set out above in the key tasks for the **Chair**.

Part F - The Leader of the Council

To provide the political leadership for the Council and to take the lead in ensuring that the Council's policies and strategies are progressed.

To ensure that the work of the executive and non-executive Councillor is co-ordinated and progressed effectively.

To take the lead for overseeing the implementation of the changes to the political management and Officer structures.

To represent the Council in discussions and negotiations with county, regional and national organisations and others as appropriate in pursuing the interest of the Council and its communities.

To act as the Council's principal political spokesman.

To have regular meetings and communication with the Chief Executive and the Management Team and to work with the Chief Executive to fulfil the Council's objectives.

Where appropriate to act in the case of disputes between Councillors and Officers.

Part G - Deputy Leader of the Council

To assist the Leader in providing the political leadership for the Council.

To deputise for the Leader in fulfilling the responsibilities set out above.

Part H - Chair of the Cabinet

To respond to questions at Council meetings during the public question and answer session when required.

To chair meetings of the Cabinet.

To attend **Agenda** briefing meetings.

To lead Board consideration of the budget for approval by the Council.

To report as required on the work of the Board in implementing the Council's policy programme.

Part J - Chairmen of the Scrutiny Committees

To respond to questions at Council meetings during the public question and answer session when required.

To chair meetings of the relevant **Scrutiny Committee**.

To attend **Agenda** briefing meetings.

To lead consideration of the Council's scrutiny function in so far as the relevant **Scrutiny Committee** is concerned.

To report, as required, on the work of the relevant **Scrutiny Committee** in implementing the Council's scrutiny function.

Part K - Deputy Chairmen of the Scrutiny Committees

To deputise for the relevant **Chair** and to assist him/her in carrying out the specified responsibilities.

Part L - Chairmen of Committees

To chair meetings of the Committee.

To attend **Agenda** briefing meetings as required.

Part M - Deputy Chairmen of Committees

To deputise for the **Chair** and to assist him/her in carrying out the specified responsibilities.

SECTION G - PLANNING CODE OF CONDUCT

This Code of Practice supplements the **Council's Councillors' Code of Conduct** and where appropriate Councillors should refer to the Councillors' Code of Conduct. The Council's Monitoring Officer's advice may be sought on the interpretation of the Councillors' Code of Conduct or this Code.

1. INTRODUCTION

- 1.1 Planning affects land and property interests, including the financial value of land and the quality of their settings. It is not an exact science. It is often highly contentious because decisions affect the daily lives of everyone and the private interests of members of the public, landowners and developers. Opposing views are often strongly held by those involved. A key role of the planning process is balancing the needs and interests of individuals and the community.
- 1.2 The planning system can only function effectively if there is trust among those involved. There must be trust between Councillors and Officers and between the public and the Council. The Third report of the Committee on Standards in Public Life (the Nolan Committee) (1997) recommended that each local authority's practices and procedures were set out in a local code of planning conduct to avoid allegations of malpractice in the operation of the planning system.
- 1.3 The general principles that underlie the Council's **Councillors' Code of Conduct** and apply to this Code of Practice are:
 - 1.3.1 Councillors should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.
 - 1.3.2 Councillors should not place themselves in situations where their honesty or integrity may be questioned.
 - 1.3.3 Councillors should make decisions on merit.
 - 1.3.4 Councillors should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.
 - 1.3.5 Councillors may take account of the views of others but should reach their own conclusions on the issues before them and act in accordance with those conclusions.
 - 1.3.6 Councillors should respect the impartiality and integrity of Officers.

- 1.4 The Council is committed to open, fair and transparent decision-making. Planning decisions should be made impartially, with sound judgement and for justifiable reasons.
- 1.5 This Code of Practice sets out practices and procedures that Councillors and Officers of the Council shall follow when involved in planning matters. Planning matters include the consideration of planning applications, the preparation of development plans and other planning policy and the enforcement of planning control.
- 1.6 Failure to follow this Code without good reason, could be taken into account in investigations into possible maladministration against the Council, or have implications for the position of individual Councillors and Officers. Breaches of this Code may also amount to breaches of the Council's **Councillors' Code of Conduct**. If in doubt about what course of action to take, a Councillor or Officer should seek the advice of the Council's Monitoring Officer.
- 1.7 This Code of Practice sets out principles to guide Councillors and Officers in determining planning applications and making other decisions within the terms of reference of **Planning Committee**. Although of particular relevance to members of Planning Committee it applies to all **Councillors** who may become involved in planning and development matters.
- 1.8 Members of **Planning Committee** are required to be impartial at all times and should refrain from wearing any item that indicates a political affiliation, stance, lobby or similar influence (such as clothing in party colours party, party emblems etc) in the course of site visits conducted by the Planning Committee. Similarly, Councillors shall not make political statements whilst on any business concerned with the functions of Planning Committee.

2. THE ROLE AND CONDUCT OF COUNCILLORS AND OFFICERS

- 2.1 Councillors and Officers have different, but complementary roles. Both serve the public but Councillors are responsible to the electorate, while Officers are responsible to the Council as a whole.
- 2.2 The role of a member of the **Planning Committee** is to make planning decisions openly, impartially, with sound judgement and for justifiable reasons.
- 2.3 Whilst Councillors have a special duty to their ward constituents, including those who did not vote for them, their overriding duty is to the whole community. This is particularly pertinent to Councillors involved in making a planning decision. A key role of the planning system is the consideration of development proposals in the wider public interest.
- 2.4 Councillors' decisions shall not discriminate in favour of any individuals or groups and they alone have the responsibility to decide what view to take. Councillors must, therefore, consider all of the material issues in the light of

Development Plan policies, Government advice and their own individual judgement and make a decision in the interests of the area as a whole.

- 2.5 Whilst Councillors should take account of all views expressed, they shall not favour any person, company, group or locality, nor put themselves in a position where they appear to do so.
- 2.6 Officers who are Chartered Town Planners are guided by the Royal Town Planning Institute's (RTPI) Code of Professional Conduct. Breaches of that code may be subject to disciplinary action by the Institute.
- 2.7 Officers in their role of advising Councillors shall provide:
 - 2.7.1 Impartial and professional advice;
 - 2.7.2 Consistency of interpretation of planning policy; and
 - 2.7.3 Complete written reports covering all necessary information for a decision to be made.
- 2.8 The Council endorses the statement in the RTPI code that, 'RTPI members shall not make or subscribe to any statements or reports which are contrary to their own professional opinions', and extends it to apply to all Officers in the authority advising on planning matters.
- 2.9 That the Council may not always follow the advice of their professional planning Officers is perfectly proper. The professional Officer too, may have a change of opinion, but this must be on the basis of professional judgement, and not because an authority, it's Councillors or other Officers, have prevailed upon the Officer to put forward his/her professional view as something other than it really is. If the **Planning Committee** is minded to refuse or grant an application contrary to Officer recommendation, it should consider whether to defer the application to the next available Committee, before making the final decision. This will allow Councillors to obtain further legal advice on the proposed reasons for acting contrary to the recommendation based on material planning considerations. If such a decision is made it must be clearly minuted, expressed clearly and be based upon sound planning reasons supported by evidence.
- 2.10 The Council shall have a designated head of the planning service, who is qualified for election to membership of the RTPI and who has direct access to Councillors as their professional adviser on planning matters. Officers shall follow the guidance on their standards of conduct as set out in the Code of Conduct for Employees in the **Constitution** and any National Code of Conduct for Local Government Officers issued by the Secretary of State under Section 82 of the Local Government Act 2000.
- 2.11 Councillors shall follow the advice in the **Councillors' Code of Conduct** about accepting gifts and hospitality. Councillors should treat with extreme caution

any offer which is made to them personally; the normal presumption should be that such offers must be courteously declined. Similarly, Officers shall politely decline offers of hospitality from people with an interest in a planning proposal. If receipt of hospitality is unavoidable, Officers shall ensure it is of a minimal level and declare it in the hospitality book as soon as possible.

3. INTERESTS OF COUNCILLORS

3.1 Where Councillors have interests which may be thought likely to influence their decision, the fact should be declared at the meeting.

3.2 Where the interest is such that Councillors of the public may feel that the Councillor will not be able to approach matters with an open mind and consider the application on its planning merits, Councillors should consider withdrawing from the Committee for that item.

3.3 These principles apply equally to Councillors who are not members of **Planning Committee**. Councillors who have such interests should consider whether it is appropriate for them to participate in the planning process, and in any event, should declare such interest at any meeting which they may attend or in any letter which they may write.

3.4 In all cases Councillors shall not sit on **Planning Committee** to determine applications that relate to land:

3.4.1 that is in their ward; or

3.4.2 that is in the ward neighbouring their ward where the application materially impacts their ward,

and Councillors in such cases shall be replaced on **Planning Committee** by a substitute for the duration of that application.

3.5 Councillors should seek guidance from Officers.

3.6 Members of **Planning Committee** and Officers who attend Planning Committee regularly must complete the Annual Return required for this purpose.

3.7 The **Councillors' Code of Conduct** provides guidance as to personal and prejudicial interests which may affect a Councillor's ability to take part in the decision-making process. However, Councillors may have other interests which may influence their decision which will not amount to personal or prejudicial interests for the purposes of the Code. In order to maintain the integrity of the planning system, Councillors should be careful to ensure that such interests do not unduly influence their decisions. Examples of such interests are:-

3.7.1 from ward concerns;

3.7.2 from membership of other **Committees** of the **Council**;

- 3.7.3 from membership of other public or [community outside](#) bodies;
 - 3.7.4 from membership of voluntary associations and trusts (including where appointed by the Council);
 - 3.7.5 from a connection with a particular policy initiative of the Council;
 - 3.7.6 from membership of clubs, societies and groups; and
 - 3.7.7 from hobbies and other leisure interests.
- 3.8 Such interests may mean that a Councillor is involved with a planning application before the matter comes before the **Planning Committee**. Such involvement need not on its own debar a Councillor from participating in making the planning decision when the matter is considered by Planning Committee provided that the Councillor has not already decided how they will vote on the matter before the Committee. Councillors should, however, always consider carefully whether in any particular case they could reasonably be seen to approach the planning merits of the application with an open mind. If the Councillor considers that this is not possible, the Councillor should withdraw from consideration of that item.
- 3.9 As a minimum, the integrity of the planning system requires openness on the part of Councillors; it must operate fairly and be seen to operate fairly.

8. Disposal Delegation and Annual Rental Delegation

<u>Council's Commercial Portfolio</u>	<u>Industrial units we hold purely for letting out on a commercial basis.</u>
<u>Market Rent</u>	<u>A value confirmed by the Council's valuer as market rent</u>

9. Planning Code of Conduct

SECTION G - PLANNING CODE OF CONDUCT

This Code of Practice supplements the **Council's Councillors' Code of Conduct** and where appropriate Councillors should refer to the Councillors' Code of Conduct. The Council's Monitoring Officer's advice may be sought on the interpretation of the Councillors' Code of Conduct or this Code.

1. INTRODUCTION

- 1.1 Planning affects land and property interests, including the financial value of land and the quality of their settings. It is not an exact science. It is often highly contentious because decisions affect the daily lives of everyone and the private interests of members of the public, landowners and developers. Opposing views are often strongly held by those involved. A key role of the planning process is balancing the needs and interests of individuals and the community.
- 1.2 The planning system can only function effectively if there is trust among those involved. There must be trust between Councillors and Officers and between the public and the Council. The Third report of the Committee on Standards in Public Life (the Nolan Committee) (1997) recommended that each local authority's practices and procedures were set out in a local code of planning conduct to avoid allegations of malpractice in the operation of the planning system.
- 1.3 The general principles that underlie the Council's **Councillors' Code of Conduct** and apply to this Code of Practice are:
 - 1.3.1 Councillors should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.
 - 1.3.2 Councillors should not place themselves in situations where their honesty or integrity may be questioned.
 - 1.3.3 Councillors should make decisions on merit.
 - 1.3.4 Councillors should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.
 - 1.3.5 Councillors may take account of the views of others but should reach their own conclusions on the issues before them and act in accordance with those conclusions.
 - 1.3.6 Councillors should respect the impartiality and integrity of Officers.

- 1.4 The Council is committed to open, fair and transparent decision-making. Planning decisions should be made impartially, with sound judgement and for justifiable reasons.
- 1.5 This Code of Practice sets out practices and procedures that Councillors and Officers of the Council shall follow when involved in planning matters. Planning matters include the consideration of planning applications, the preparation of development plans and other planning policy and the enforcement of planning control.
- 1.6 Failure to follow this Code without good reason, could be taken into account in investigations into possible maladministration against the Council, or have implications for the position of individual Councillors and Officers. Breaches of this Code may also amount to breaches of the Council's **Councillors' Code of Conduct**. If in doubt about what course of action to take, a Councillor or Officer should seek the advice of the Council's Monitoring Officer.
- 1.7 This Code of Practice sets out principles to guide Councillors and Officers in determining planning applications and making other decisions within the terms of reference of **Planning Committee**. Although of particular relevance to members of Planning Committee it applies to all **Councillors** who may become involved in planning and development matters.
- 1.8 Members of **Planning Committee** are required to be impartial at all times and should refrain from wearing any item that indicates a political affiliation, stance, lobby or similar influence (such as clothing in party colours party, party emblems etc) in the course of site visits conducted by the Planning Committee. Similarly, Councillors shall not make political statements whilst on any business concerned with the functions of Planning Committee.

2. THE ROLE AND CONDUCT OF COUNCILLORS AND OFFICERS

- 2.1 Councillors and Officers have different, but complementary roles. Both serve the public but Councillors are responsible to the electorate, while Officers are responsible to the Council as a whole.
- 2.2 The role of a member of the **Planning Committee** is to make planning decisions openly, impartially, with sound judgement and for justifiable reasons.
- 2.3 Whilst Councillors have a special duty to their ward constituents, including those who did not vote for them, their overriding duty is to the whole community. This is particularly pertinent to Councillors involved in making a planning decision. A key role of the planning system is the consideration of development proposals in the wider public interest.
- 2.4 Councillors' decisions shall not discriminate in favour of any individuals or groups and they alone have the responsibility to decide what view to take. Councillors must, therefore, consider all of the material issues in the light of

Development Plan policies, Government advice and their own individual judgement and make a decision in the interests of the area as a whole.

- 2.5 Whilst Councillors should take account of all views expressed, they shall not favour any person, company, group or locality, nor put themselves in a position where they appear to do so.
- 2.6 Officers who are Chartered Town Planners are guided by the Royal Town Planning Institute's (RTPI) Code of Professional Conduct. Breaches of that code may be subject to disciplinary action by the Institute.
- 2.7 Officers in their role of advising Councillors shall provide:
 - 2.7.1 Impartial and professional advice;
 - 2.7.2 Consistency of interpretation of planning policy; and
 - 2.7.3 Complete written reports covering all necessary information for a decision to be made.
- 2.8 The Council endorses the statement in the RTPI code that, 'RTPI members shall not make or subscribe to any statements or reports which are contrary to their own professional opinions', and extends it to apply to all Officers in the authority advising on planning matters.
- 2.9 That the Council may not always follow the advice of their professional planning Officers is perfectly proper. The professional Officer too, may have a change of opinion, but this must be on the basis of professional judgement, and not because an authority, it's Councillors or other Officers, have prevailed upon the Officer to put forward his/her professional view as something other than it really is. If the **Planning Committee** is minded to refuse or grant an application contrary to Officer recommendation, it should consider whether to defer the application to the next available Committee, before making the final decision. This will allow Councillors to obtain further legal advice on the proposed reasons for acting contrary to the recommendation based on material planning considerations. If such a decision is made it must be clearly minuted, expressed clearly and be based upon sound planning reasons supported by evidence.
- 2.10 The Council shall have a designated head of the planning service, who is qualified for election to membership of the RTPI and who has direct access to Councillors as their professional adviser on planning matters. Officers shall follow the guidance on their standards of conduct as set out in the Code of Conduct for Employees in the **Constitution** and any National Code of Conduct for Local Government Officers issued by the Secretary of State under Section 82 of the Local Government Act 2000.
- 2.11 Councillors shall follow the advice in the **Councillors' Code of Conduct** about accepting gifts and hospitality. Councillors should treat with extreme caution

any offer which is made to them personally; the normal presumption should be that such offers must be courteously declined. Similarly, Officers shall politely decline offers of hospitality from people with an interest in a planning proposal. If receipt of hospitality is unavoidable, Officers shall ensure it is of a minimal level and declare it in the hospitality book as soon as possible.

3. INTERESTS OF COUNCILLORS

3.1 Where Councillors have interests which may be thought likely to influence their decision, the fact should be declared at the meeting.

3.2 Where the interest is such that Councillors of the public may feel that the Councillor will not be able to approach matters with an open mind and consider the application on its planning merits, Councillors should consider withdrawing from the Committee for that item.

3.3 These principles apply equally to Councillors who are not members of **Planning Committee**. Councillors who have such interests should consider whether it is appropriate for them to participate in the planning process, and in any event, should declare such interest at any meeting which they may attend or in any letter which they may write.

3.4 In all cases Councillors shall not sit on **Planning Committee** to determine applications that relate to land:

3.4.1 that is in their ward; or

3.4.2 that is in the ward neighbouring their ward where the application materially impacts their ward,

and Councillors in such cases shall be replaced on **Planning Committee** by a substitute for the duration of that application.

3.5 Councillors should seek guidance from Officers.

3.6 Members of **Planning Committee** and Officers who attend Planning Committee regularly must complete the Annual Return required for this purpose.

3.7 The **Councillors' Code of Conduct** provides guidance as to personal and prejudicial interests which may affect a Councillor's ability to take part in the decision-making process. However, Councillors may have other interests which may influence their decision which will not amount to personal or prejudicial interests for the purposes of the Code. In order to maintain the integrity of the planning system, Councillors should be careful to ensure that such interests do not unduly influence their decisions. Examples of such interests are:-

3.7.1 from ward concerns;

3.7.2 from membership of other **Committees** of the **Council**;

- 3.7.3 from membership of other public or community bodies;
 - 3.7.4 from membership of voluntary associations and trusts (including where appointed by the Council);
 - 3.7.5 from a connection with a particular policy initiative of the Council;
 - 3.7.6 from membership of clubs, societies and groups; and
 - 3.7.7 from hobbies and other leisure interests.
- 3.8 Such interests may mean that a Councillor is involved with a planning application before the matter comes before the **Planning Committee**. Such involvement need not on its own debar a Councillor from participating in making the planning decision when the matter is considered by Planning Committee provided that the Councillor has not already decided how they will vote on the matter before the Committee. Councillors should, however, always consider carefully whether in any particular case they could reasonably be seen to approach the planning merits of the application with an open mind. If the Councillor considers that this is not possible, the Councillor should withdraw from consideration of that item.
- 3.9 As a minimum, the integrity of the planning system requires openness on the part of Councillors; it must operate fairly and be seen to operate fairly.
4. **DUAL-HATTED COUNCILLORS AND COUNCILLORS ON OTHER BODIES**
- 4.1 **Planning Committee** members who are members of parish or town councils may find they are expected to express a view at a parish or town council meeting, or vote on whether or not the parish or town council should object or comment on a proposal from that parish or town council's point of view.
- 4.2 They may then have to consider the same matter as a District Council Councillor if it is determined by the Planning Committee.
- 4.3 Councillors are also appointed to outside public bodies or internal boards or groups, who may then act as consultees or interested parties and are of course permitted to join interest groups which reflect areas of interest such as a local civic society, CPRE, etc.
- 4.4 Where Councillors have dual parish/town and District Council membership, or are members of other consultee bodies or interested parties, they may find themselves having to vote differently on a matter when they consider it at District level, having heard the technical and legal background from Officers.
- 4.5 This is not inconsistency, but the consequence of having to fulfil totally separate and different roles.
- 4.6 Where Councillors have dual parish/town council/District Council membership

or sit on consultee bodies and issues come up for discussion at different levels, Councillors can take part at the lower/consultee level provided that they have not already made up their mind on the matter and are not biased, and they:

- (a) make it clear at the lower level that their views are expressed on the limited information before them;
- (b) they will reserve their judgement and independence to make up their own mind on the separate proposal, based on their overriding duty to the whole community and not just to the people in that area ward or parish, as and when it comes before the District and when they have heard all of the relevant information; and
- (c) they will not in any way commit themselves as to how they or others may vote when the proposal comes before the **Planning Committee** at District level.

4.7 Membership of a parish or town council, consultee body or pressure group (and participation in its debates and votes) will not constitute a [Disclosable Registerable Interest](#) in a matter within its area or upon which it may or may not have commented on when it is considered at District level unless:

- (a) The business being considered substantially affects the wellbeing or financial standing or purpose of the relevant body.
- (b) The Councillor or the body has taken a leading role in supporting or opposing the matter, within the area or elsewhere.

4.8 In (a) or (b) above a Councillor is likely to have a [Disclosable Pecuniary Interest](#) where the business relates to the financial position of the body or a planning application or matter made by or relating to it.

4.9 However, Councillor must give the above careful consideration, and remain bound by the other parts of the **Councillors' Code of Conduct** and this Code in relation to the matter.

4.10 Councillors who are a trustee or company director of a body whose matter is under consideration and where appointed by the Council should always disclose this as a [Disclosable Pecuniary Interest](#) where any financial benefit may accrue.

Note: The above advice represents a pragmatic approach to the participation of dual-hatted Councillors in planning matters. As Councillors are aware, the risk under the Code of Conduct and declaration of interests rests with the individual Councillor. For that reason, Councillors are further advised to consider the facts of each case before making a decision on their level of participation. This is particularly important in controversial/high profile matters and/or where the Councillor may play a prominent role in the determination at District level. If a Councillor is in doubt they are reminded to seek advice

from the Monitoring Officer at an early stage.

5. COUNCILLORS WHO ARE NOT MEMBERS OF THE COMMITTEE

- 5.1 **Councillors** who are not on the **Planning Committee** may make written representations to the **Strategic Director** about a planning application in the same way that any other interested person may do so and may address the Planning Committee provided that they do not have a [Disclosable Pecuniary Interest](#) in the application being considered and that their involvement would not amount to a breach of any other obligations of the Code i.e., seeking to unduly influence the outcome of a planning application. For the avoidance of doubt where that interest is a [Disclosable Pecuniary Interest](#), they are not permitted to participate in the planning process in their official capacity as a Councillor.
- 5.2 When a **Councillor** who is not a member of the **Planning Committee** speaks at a meeting they shall disclose at the earliest opportunity any [Disclosable Registerable Interest or Non-Registerable Interest if appropriate](#), the fact that they have been in contact with the applicant, agent, advisor or an interested party if this is the case, and make it clear whether they are speaking on behalf of such persons or any other particular interest. A councillor who has ~~an Disclosable Non-Pecuniary~~ [Other Registerable Interest](#) in a matter may attend a meeting of the Planning Committee at which that application is considered in order to speak, make representations, answer questions or give evidence in accordance with the Code of Conduct.
- 5.3 Any councillor who is not on the **Planning Committee** but who is at one of its meetings should sit separately from the Committee, so as to demonstrate clearly that they are not taking part in the discussion, consideration or vote.
- 5.4 They should not communicate in any way with members of the **Planning Committee** or pass papers or documents to them before or during the meeting.

10. Dispensations

Appendix B – Interests

1. Definitions

“**Disclosable Pecuniary Interest**” means any interest described as such in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#) and includes an interest of yourself, or of your Partner (if you are aware of your Partner's interest) that falls within the descriptions set out in the following table. A Disclosable Pecuniary Interest is a Registerable Interest.

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made to the Councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as Councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the Councillor or his/her spouse or civil partner or the person with whom the Councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the Councillor or his/her spouse or civil partner or the person with whom the Councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.

Licenses	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer
Corporate tenancies	Any tenancy where (to the Councillor's knowledge) – (a) the landlord is the council; and (b) the tenant is a body that the Councillor, or his/her spouse or civil partner or the person with whom the Councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the Councillor's knowledge) has a place of business or land in the area of the Council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the Councillor, or his/her spouse or civil partner or the person with whom the Councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* 'director' includes a member of the Committee of management of an industrial and provident society.

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

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

"Other Registerable Interest" is a personal interest in any business of your authority which relates to or is likely to affect:

- a) any unpaid directorships;
- b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority; or
- c) any body

- (i) exercising functions of a public nature
- (ii) any body directed to charitable purposes or
- (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

“Registrable Interests” are interests that you are required to register in accordance with this Code of Conduct and include both Disclosable Pecuniary Interests and Other Registerable Interests.

“Non-Registrable Interests” are interests that you are not required to register but need to be disclosed in accordance with section 3.3.

A **“Dispensation”** is agreement that you may continue to participate in the decision-making process notwithstanding your interest as detailed at section 12 of the Code of the Conduct and this Appendix B.

A **“Sensitive Interest”** is as an interest which, if disclosed, could lead to the Councillor, or a person connected with the Councillor, being subject to violence or intimidation. In any case where this Code of Conduct requires to you to disclose an interest (subject to the agreement of the Monitoring Officer in accordance with paragraph 2.2 of this Appendix regarding registration of interests), you do not have to disclose the nature of the interest, if it is a Sensitive Interest. In such circumstances you just have to disclose that you have an interest.

A matter **“directly relates”** to one of your interests where the matter is directly about that interest. For example the matter being discussed is an application about a particular property in which you or somebody associated with you has a financial interest.

A matter **“affects”** your interest where the matter is not directly about that interest but would still have clear implications for the interest. For example, the matter concerns a neighbouring property.

2. Registering Interests

2.1. Within 28 days of becoming a Councillor or your re-election or reappointment to office you must register with the Monitoring Officer any Disclosable Pecuniary Interests and any Other Registerable Interests.

2.2. Where you have a Sensitive Interest you must notify the Monitoring Officer with the reasons why you believe it is a Sensitive Interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

2.3. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.

3. Declaration at and Participation in Meetings

If you are present at a meeting and you have either a Registerable or Non-Registerable Interest in any matter to be considered or being considered, and the interest is not a Sensitive Interest, you must disclose that interest to the meeting (whether or not it is registered).

To determine whether your interest affects your ability to participate in a meeting, you must first determine what type of interest you have and, if necessary, go on to apply the tests as set out below.

3.1. Disclosable Pecuniary Interests

3.1.1. Where a matter arises at a meeting which **directly relates** to one of your Disclosable Pecuniary Interests:

- a. you must disclose the interest;
- b. not participate in any discussion or vote on the matter; and
- c. must not remain in the room ~~unless you have been granted a Dispensation.~~

unless you have been granted a Dispensation.

3.2. Other Registerable Interests

3.2.1. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests:

- a. you must disclose the interest;
- b. may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter; and
- c. must not remain in the room ~~unless you have been granted a Dispensation.~~

unless you have been granted a Dispensation.

3.2.2. The provisions of paragraph 3.1.1 and 3.2.1 shall be applied in such a manner as to recognise that this Code should not obstruct a Councillor's service on more than one local authority. For the avoidance of doubt, participation in discussion and decision making at one local authority will not by itself normally prevent you from taking part in discussion and decision making on the same matter at another local authority. This is on the basis that a reasonable member of the public will see no objection in

principle to such service or regard it as prejudicing a Councillor's judgement of the public interest and will only regard a matter as giving rise to a Personal Interest which might lead to bias in exceptional circumstances

3.3. Non-Registerable Interests

3.3.1. Where a matter arises at a meeting which **directly relates** to a financial interest or the well-being of yourself or of a friend, relative or close associate (and is not a Registerable Interest):

- a. you must disclose the interest;
- b. may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter; and
- c. must not remain in the room ~~unless you have been granted a Dispensation.~~

unless you have been granted a Dispensation.

3.3.2. Where a matter arises at a meeting which does not directly relate to but **affects**

- a. a financial interest or the well-being of yourself or of a friend, relative or close associate; or
- b. a financial interest or wellbeing of a body included in those you need to disclose under Other Registerable Interests

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test in paragraphs 3.3.3 and 3.3.4 should be applied.

3.3.3. Where a matter under paragraph 3.3.2 **affects** the financial interest or wellbeing or body:

- a. to a greater extent than it affects the financial interests or wellbeing of the majority of inhabitants of the ward affected by the decision; and
- b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest;

you may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a Dispensation.

3.3.4. Where a matter under paragraph 3.3.2 does not **affect** the financial interest or

wellbeing or body:

a. to a greater extent than it affects the financial interests or wellbeing of the majority of inhabitants of the ward affected by the decision; and/or

b. a reasonable member of the public knowing all the facts would not believe that it would affect your view of the wider public interest;

you may remain in the room, speak if you wish to and take part in any discussion or vote on the matter, provided you have disclosed your interest under paragraph 3.3.2.

Dispensation	Where Councillors have an interest in a matter, the Monitoring Officer or the Audit and Governance Committee may, in some circumstances, grant a Councillor a dispensation to speak, and sometimes to vote, depending upon the nature of the interest.
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11. Independent Persons

SECTION D7 - AUDIT AND GOVERNANCE COMMITTEE

1 COMMITTEE FORM AND STRUCTURE

Committee scope

- 1.1 The Audit and Governance Committee has specific responsibility for governance issues, including audit functions.
- 1.2 The Committee's scope is to:
 - 1.2.1 provide independent assurance to those charged with governance of the adequacy of the risk management framework and the internal control environment;
 - 1.2.2 provide independent review of the Council's governance, risk management and control frameworks and oversee the financial reporting and annual governance process;
 - 1.2.3 oversee internal audit and external audit arrangements, helping to ensure efficient and effective assurance mechanisms are in place.
- 1.3 The success of the Audit and Governance Committee in exercising its audit functions depends upon its ability to remain apolitical. It must adopt a non-political approach to its meetings and discussions at all times. Remaining apolitical also places a duty on Councillors not to make inappropriate use of information provided to the Committee for other purposes.

Composition

- 1.4 The Audit and Governance Committee will comprise 10 Councillors in Political Balance.
- 1.5 Members of the Committee should not be members of Cabinet or Scrutiny.
- 1.6 The Chair will be appointed by Full Council annually.
- 1.7 Two Independent Persons may be co-opted ~~as required~~ to the Audit and Governance Committee to ~~advise on finance matters~~ provide appropriate technical expertise or to a Sub-Committee of the Audit and Governance Committee in relation to standards matters but will not be entitled to vote at meetings. ~~It shall be a function of the Audit and Governance Committee to appoint any Independent Person for this purpose.~~
- 1.8 ~~An Independent Person may be co-opted as required to a Sub-Committee of the Audit and Governance Committee in relation to Councillors Code of Conduct matters. Full Council appoint a pool of Independent Persons which can be drawn on for this purpose.~~
- 1.89 At least one parish councillor may be present when matters relating to parish councils or their Councillors are being considered. Parish councillors are co-opted

to the Audit and Governance Committee as required and will not be entitled to vote at meetings

12. Ordinary Meetings of the Council

SECTION A2 - PROCEDURE RULES

1. Annual Meeting of the Full Council

Timing and Business

- 1.1 The **Annual Meeting** of the **Full Council** shall be held at the Council Offices.
- 1.2 In a year when there is an ordinary election of **Councillors**, the **Annual Meeting** will take place within 21 days of the retirement of the outgoing Councillors.
- 1.3 In any other year, the **Annual Meeting** will take place in March, April or May.
- 1.4 The **Annual Meeting** will:
 - 1.4.1 elect a person to preside if the **Chair of Council** is not present;
 - 1.4.2 elect the **Chair of the Council**;
 - 1.4.3 appoint the **Deputy Chair of the Council**;
 - 1.4.4 approve the minutes of the last meeting of **Full Council** as a correct record;
 - 1.4.5 receive any announcements from the **Chair of the Council** and/or **Chief Executive**;
 - 1.4.6 elect the **Leader** of the Council for a period of one year;
 - 1.4.7 receive any declarations of interest (the **Councillor** must comply with the **Councillor's Code of Conduct** in relation to whether they are able to remain in the room and/or vote);
 - 1.4.8 receive the report of the **Leader** setting out the size and membership of his/her **Cabinet** and how he/she intends executive powers to be exercised over the ensuing municipal year;
 - 1.4.9 allocate seats on **Committees** and **Sub-Committees** in accordance with the principles of **Political Balance** where required;
 - 1.4.10 receive nominations and appoint **Councillors** to serve on all relevant **Committees** as the Council considers appropriate to deal with matters which are neither reserved to the Council nor are **Executive Functions** as set out in this **Constitution**;
 - 1.4.11 appoint at least one **Scrutiny Committee**, an **Audit and Governance Committee** and such other **Committees** as the **Council** considers appropriate to deal with matters which are neither reserved to the Council nor are **Executive Functions** (as set out in **Part 2** of this **Constitution**);

- 1.4.12 decide the size and terms of reference for those **Committees**;
- 1.4.13 receive nominations and appoint **Councillors** to serve as representatives to outside bodies for **Non-Executive Functions**;
- 1.4.14 receive nominations of **Councillors** to serve on each board or **Committee** and outside body and appoint to those boards, Committees and outside bodies except where appointment to those bodies has been delegated by the Council or is exercisable only by the **Cabinet** (provided always that this is without prejudice to the right of the Council at any time to establish or dissolve any board or Committee or to review its size and terms of reference);
- 1.4.15 agree the Scheme of Delegation set out in **Part 2** of this **Constitution**;
- 1.4.16 approve a programme of ordinary meetings of the Council for the year;
- 1.4.17 conduct items 2.4.1 to 2.4.12 of the business of an ordinary meeting of Council; and
- 1.4.18 consider any business set out in the notice convening the meeting.

2. **Ordinary Meetings of the Full Council**

- 2.1 Ordinary meetings of the Council will take place in accordance with a programme decided by **Full Council**.
- 2.2 The **Chief Executive** is responsible for convening all **Committee** meetings in accordance with the programme set under Rule 2.1.
- 2.3 A meeting of the **Full Council** will take place each year in order to calculate the budget requirement and set the council tax. This is known as the **Budget Council meeting**.
- 2.4 Ordinary meetings will:
 - 2.4.1 select a person to preside if the **Chair of the Council** and Deputy Chair are not present;
 - 2.4.2 approve the minutes of the last meeting of **Full Council** as a correct record;
 - 2.4.3 receive any declarations of interest (the **Councillor** must comply with the **Councillor's Code of Conduct** in relation to whether they are able to remain in the room and/or vote);
 - 2.4.4 receive any announcements from the Chair, the **Leader**, **Cabinet Members** or the **Chief Executive**;

- 2.4.5 receive any petitions in accordance with the Council's petition scheme or deputations;
 - 2.4.6 receive any questions from, and provide answers to, the public;
 - 2.4.7 receive any questions from Councillors;
 - 2.4.8 deal with any business from the last Council meeting;
 - 2.4.9 receive [any](#) reports from the **Cabinet** and the **Council's** boards or **Committees** and receive questions and answers on any of those reports as required by law or specifically referred by those bodies;
 - 2.4.10 receive [any](#) reports about, and receive questions and answers on, the business of joint arrangements and external organisations;
 - 2.4.11 consider [any](#) motions; and
 - 2.4.12 consider any business specified in the summons to the meeting.
- 2.5 In making any announcements from the **Leader** and **Cabinet Members** under paragraph 2.4.4 above, the Leader and not more than 2 Cabinet Members may indicate to the Chair and then address the Council for not more than 5 minutes each on a topic of current importance to the Council, its area or the inhabitants of its area.

3. **Extraordinary Meetings of the Full Council**

Calling extraordinary meetings

- 3.1 Those listed below may request the **Chief Executive** to call meetings of the **Full Council** in addition to ordinary meetings:
- 3.1.1 the **Full Council** by resolution;
 - 3.1.2 the **Chair of the Council**;
 - 3.1.3 the **Monitoring Officer**; and/or
 - 3.1.4 any five **Councillors** if they have signed a requisition presented to the **Chair of the Council** and he/she has refused to call a meeting or has failed to call a meeting within seven days of the presentation of the requisition.
- 3.2 When requested, the **Chief Executive** shall call a meeting of the Council unless he/she is of the opinion that the business to be discussed at the proposed meeting can conveniently wait until the next ordinary meeting of the Council.
- 3.3 The only item which may be considered at an extraordinary meeting is the matter for which the meeting has been called. No questions or notices on motion in addition to

this item will be permitted.

- 3.4 The requisition to which rule 3.1.4 above applies shall set out the nature of the item to be considered at the proposed meeting and why this is urgent.

13. Supplementary Estimates

SECTION F – FINANCIAL PROCEDURE RULES

1. Introduction

1.1 What are the Financial Procedure Rules?

- 1.1.1 Section 151 of the Local Government Act 1972 states that “every authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their Officers has responsibility for the administration of those affairs”.
- 1.1.2 Financial Procedure Rules provide the framework for managing the Council’s financial affairs and are supported by more detailed Financial Management Standards which set out how the procedures will be implemented.
- 1.1.3 The procedures identify the financial responsibilities of **Full Council**, the **Cabinet** and **Officers**.
- 1.1.4 To avoid the need for regular amendment due to changes in post titles generic terms are included for Officers as follows:
 - a) The term, “**S151 Officer**,” refers to the Section 151 Officer who is currently the Council’s Strategic Director for Resources.
 - b) The term, “**Chief Officers**”, refers to the Council’s **Chief Executive** and **Strategic Directors**.
 - c) The term, “**Monitoring Officer**”, refers to the Head of Legal and Support Services.
 - d) The term, “Chief Internal Auditor”, refers to the Audit Manager.
 - e) The term “Budgetholder” refers to any Officer with designated responsibility for a revenue and/or capital cost centre in the annually agreed revenue budget and capital programme. The budgetholder is responsible for financial management and compliance with these rules. This might include **Chief Executive, Strategic Directors**, Heads of Service and **Team Managers**.

1.2 Why are they important?

- 1.2.1 To conduct its business effectively, the Council needs to ensure that sound financial management arrangements are in place and that they are strictly adhered to in practice. Part of this process is the establishment of Financial Procedure Rules which set out the financial responsibilities of the Council. These rules have been devised as a control to help the Council manage its financial matters properly in compliance with all necessary requirements.

- 1.1.2 Good, sound financial management is a key element of corporate governance which helps to ensure that the Council is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 1.1.3 Good financial management secures value for money, controls spending, ensures due probity of transactions and allows decisions to be informed by accurate accounting information.
- 1.1.4 Good financial management requires secure and reliable records and systems to process transactions and information and substantiate the effective use of public money.
- 1.1.5 These Financial Procedure Rules should not be seen in isolation but rather as part of the overall regulatory framework of the Council as set out in this **Constitution**.

1.3 **Who do Financial Procedure Rules apply to?**

- 1.3.1 These Financial Procedure Rules apply to every **Councillor** and **Officer** of the Council and anyone acting on its behalf. Councillors and Officers have a general responsibility for taking reasonable action to provide for the security and use of the resources and assets under their control and for ensuring that the use of such resources and assets is legal, is consistent with Council policies and priorities, is properly authorised, provides value for money and achieves best value.
- 1.3.2 These Financial Procedure Rules shall apply in relation to any partnership for which the Council is the accountable body, unless the Council expressly agrees otherwise.
- 1.3.3 Failure to observe these Financial Procedure Rules may result in action under the Council's disciplinary procedures.

1.4 **Who is responsible for ensuring that they are applied?**

- 1.4.1 **Chief Officers** and Heads of Service are ultimately responsible to the Council for ensuring that these Financial Procedure Rules are applied and observed by his/her staff and contractors providing services on the Council's behalf and for reporting to the **S151 Officer** any known or suspected breaches of the procedures.
- 1.4.2 The **S151 Officer** is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the Council for approval. The S151 Officer is also responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Council and/or to the **Cabinet Members**.

- 1.4.3 The **S151 Officer** is responsible for issuing advice and guidance to underpin the Financial Procedure Rules which **Councillors, Chief Officers** and others acting on behalf of the Council are required to follow.
- 1.4.4 Any person charged with the use or care of the **Council's** resources and assets should inform him/herself of the Council's requirements under these Financial Procedure Rules. If anyone is in any doubt as to their obligations, then they should seek advice.
- 1.4.5 Where any **Chief Officer** considers that complying with these Financial Procedure Rules in a particular situation might conflict with the achievement of value for money or the principles of Best Value or the best interests of the Council, he/she shall raise the issue with the **S151 Officer** who will, if he/she considers necessary and appropriate, seek formal approval from the Council for a specific waiver of the procedures, or an amendment to the procedures themselves.

2. **Financial Regulation A: Financial Management**

Introduction

- A.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

The Full Council

- A.2 **Full Council** is responsible for adopting the **Constitution** and the **Councillors' Code of Conduct** in **Part 4** and for approving the policy framework and budget within which the Cabinet operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The framework is set out in its Constitution. Full Council is also responsible for monitoring compliance with the agreed policy and related Cabinet decisions.
- A.3 **Full Council** is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Council and its Boards. These delegations and details of who has responsibility for which decisions are set out in the **Constitution**.

The Cabinet

- A.4 The Cabinet is responsible for proposing the policy framework and budget to the **Full Council** and for discharging **Executive Functions** in accordance with the policy framework and budget.
- A.5 Cabinet decisions can be delegated to a **Sub-Committee** of the Cabinet, an individual **Cabinet Member** or an **Officer**.

A.6 Where A.5 occurs, the **Cabinet** is responsible for establishing protocols to ensure that individual **Cabinet Members** consult with relevant Officers before taking a decision within his, her or their delegated authority. In doing so, the individual Cabinet Member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

Scrutiny Committees

A.7 The **Scrutiny Committees** are responsible for scrutinising executive decisions before or after they have been implemented and for holding the **Cabinet** to account. The Scrutiny Committees are also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the Council.

Audit and Governance Committee

A.8 The **Audit and Governance Committee** is established by the **Full Council** and is responsible for promoting and maintaining high standards of conduct amongst **Councillors**. In particular, it is responsible for advising the **Council** on the adoption and revision of the **Councillors' Code of Conduct** in **Part 4**, and for monitoring the operation of the code. It may also make recommendations to the Full Council on the **Constitution**.

Other Regulatory Committees

A.9 Planning and licensing are not **Executive Functions** but are exercised through the multiparty **Planning** and **Licensing Committees** under powers delegated by the **Full Council**. The Planning and Licensing Committees report to the Full Council.

The Statutory Officers

Head of Paid Service (Chief Executive)

A.10 The Head of Paid Service is responsible for the corporate and overall strategic management of the Council as a whole. He/she must report to and provide information for the Cabinet, the **Full Council**, the **Scrutiny Committees** and other **Committees**. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the Full Council's decisions (see below).

Monitoring Officer

A.11 The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the **Audit**

and Governance Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the **Full Council** and/or to the Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

A.12 The **Monitoring Officer** must ensure that executive decisions and the reasons for them are made public. He/she must also ensure that **Councillors** are aware of decisions made by the Cabinet and of those made by **Officers** who have delegated executive responsibility.

A.13 The **Monitoring Officer** is responsible for advising all councillors and Officers about who has authority to take a particular decision.

A.14 The **Monitoring Officer** is responsible for advising the Cabinet or **Full Council** about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.

A.15 The **Monitoring Officer**, together with the **Chief Executive**, is responsible for advising the **Cabinet** or **Full Council** about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

initiating a new policy

committing expenditure in future years to above the budget

level incurring transfers contrary to virement rules and limits

causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

A.16 The **Monitoring Officer** is responsible for maintaining an up-to-date **Constitution**.

S151 Officer (See A Statement on the Role of the Finance Director in Local Government (CIPFA))

A.17 The **S151 Officer** has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

Section 151 of the Local Government Act 1972

The Local Government Finance Act 1988

The Local Government and Housing Act 1989

The Accounts and Audit Regulations 2003 and 2015.

A.18 The **S151 Officer** is responsible for:

the proper administration of the Council's financial affairs;

setting and monitoring compliance with financial management standards;

advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;

providing financial information;

preparing the revenue budget and capital programme;

Treasury Management and prudential indicators.

A.19 **The S151 Officer** shall:

- i. report to the **Cabinet** with respect to the level of financial resources estimated to be available in each financial year;
- ii. report to the Cabinet quarterly with an annual outturn on the Council's financial position and performance;
- iii. report to the Cabinet in respect of the Medium Term Financial Strategy.

A.20 Section 114 of the Local Government Finance Act 1988 requires the **S151 Officer** to report to **Full Council**, Cabinet and the External Auditor if the Council or one of its Officers:

has made, or is about to make, a decision which involves incurring unlawful expenditure;

has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council;

is about to make an unlawful entry in the Council's

accounts. Section 114 of the 1988 Act also requires:

the S151 Officer to nominate a properly qualified member of staff to deputise should he/she be unable to perform the duties under Section 114 personally;

the Council to provide the S151 Officer with sufficient staff, accommodation and other resources - including legal advice where this is necessary - to carry out the duties under Section 114.

Other Officers

Budget holders

- A.21 The Budget holders are responsible for ensuring that Heads of Service and the relevant **Strategic Director** are advised of the financial implications of all proposals and that the financial implications have been agreed by the S151 Officer. The Strategic Director shall then in turn advise **Cabinet**.
- A.22 It is the responsibility of the Budget holder to consult with the **S151 Officer** and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.
- A.23 Budget holders are responsible for the control and accountability of resources consumed and generated by their service areas.

Other Financial Accountabilities

Virement

- A.24 **Full Council** is responsible for agreeing procedures for virement of expenditure between budget headings. The definition of a virement is set out in Section 5 of the Policy & Budget Framework as follows:

*Steps taken by the Cabinet, a Cabinet Member, a group of the Cabinet, or Officers, or joint arrangements to implement Council policy shall not exceed the budgets allocated to each relevant budget head. However, such bodies or individuals shall be entitled to vire across budget heads within such limits as shall be laid down in the Financial Procedure Rules. Beyond those limits, approval to any virement across budget heads shall require the approval of the **Full Council**.*

A virement is defined as where one or more budget(s) are reduced to fund an increase in another budget(s). There is no net change in the total budget agreed by Council arising from a virement.

- A.25 The table below sets out the approval level required based on the value of the virement.

Value	Approval Level Required		
	Within a Budget Head	Between Budget Heads in same Directorate	Between Directorates
Between £0 - £4,999	Heads of Service	Heads of Service	Heads of Service
Between £5,000 and £24,999	Heads of Service and	Strategic Directors and	Strategic Directors and

	Strategic Directors	Portfolio Holder(s)	Portfolio Holder(s)
Between £25,000 and £99,999	Strategic Directors and Portfolio Holder(s)	Strategic Directors and Portfolio Holder(s)	Strategic Directors and Portfolio Holder(s)
Between £100,000 and £249,999	Cabinet	Cabinet	Cabinet
£250,000 and over	Full Council	Full Council	Full Council
Notes:			
<ol style="list-style-type: none"> 1. In all circumstances virements require approval by the S151 Officer. 2. All relevant parties listed above must be in agreement. 3. Virements should not be artificially disaggregated. 4. Virement rules apply to capital and revenue. 			

Supplementary Estimates

A.26 A supplementary estimate is an addition to the Council's agreed budget. Supplementary estimates can be one-offs, or recurring. In either case, supplementary estimates should only be considered after all other options, such as virements, or savings, have been considered. Supplementary estimates include budgets fully funded by external grant or contribution.

A.27 The table below sets out the approval level required based on the value of the supplementary estimates.

Value	Approval Level Required	
	Fully Externally Funded	Requires Council Funding
Between £0 and £9,999 £99,999	S151 Officer-Head of Service [then reported to Cabinet at next meeting]	S151 Officer-Cabinet
<u>Between £10,000 and £99,999</u>	<u>Head of Service</u> <u>[then reported to Cabinet at next meeting]</u>	Cabinet
Between £100,000 and £249,999	Cabinet	Cabinet
£250,000 and over	Full Council	Full Council
Notes:		
<ol style="list-style-type: none"> 1. In all circumstances Supplementary Estimates require approval by the S151 Officer. 		

- | |
|---|
| <ol style="list-style-type: none">2. Council funding includes (but is not limited to) revenue budget, reserves, Section 106, capital receipts and borrowing. S151 Officer decision will undertaken an assessment.3. Supplementary Estimates should not be artificially disaggregated.4. Supplementary Estimates rules apply to capital and revenue. |
|---|

A.28 Where in exceptional or unexpected circumstances a Directorate is faced with a material increase in its net expenditure, which cannot reasonably be contained within its resource allocation figure for the year, the **Chief Executive** or **Strategic Directors** must (wherever possible, prior to incurring the expenditure) submit a request to **Cabinet** or **Council** for a supplementary estimate to cover the additional expenditure. The Cabinet or Council will also decide how the expenditure will be funded, e.g. from grant, revenue, reserve, loan or otherwise.

Monitoring of Expenditure

A.29 The **Chief Executive**, **Strategic Directors** and Heads of Service shall monitor revenue expenditure and the Asset Management Group shall monitor Capital expenditure on a regular basis. Significant matters will be reported to the Cabinet as necessary.

Treatment of Year-end Balances

A.30 **Full Council** is responsible for agreeing procedures for carrying forward under and overspendings on budget headings.

Accounting Policies

A.31 The **S151 Officer** is responsible for selecting accounting policies and ensuring that they are applied consistently.

Accounting Records and Returns

A.32 The **S151 Officer** is responsible for determining the accounting procedures and records for the Council.

The Annual Statement of Accounts

A.33 The **S151 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 United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC). Approving the annual

statement of accounts is a **Council** function that has been delegated to the **Audit and Governance Committee**.

14. Access to Information Rules

SECTION C – ACCESS TO INFORMATION PROCEDURE RULES

13. **Scope**

- a. These rules apply to all meetings of the **Full Council** and its Non-Executive Committees and **Sub-Committees** and the **Cabinet** (together called meetings) and (where specified) executive decisions made by **Cabinet Members** and key decisions made by Officers. These rules also cover **Councillors’** rights of **Access to Information**.

14. **Additional Rights to Information**

These Rules do not affect any more specific rights to information contained elsewhere in this **Constitution** or in law.

15. **Rights to Attend Meetings**

Members of the public may attend any of the meetings subject only to the exceptions contained in these Rules.

16. **Notices of Meeting**

- a. The Council will give at least five **Clear Days’** notice of any meeting, except that where a meeting is convened at shorter notice, notice shall be given at the time the meeting is convened. Notice shall be given by posting details of the meeting at the Council Offices (~~“the Designated Office”~~).
- b. **Councillors** entitled to attend a meeting, will receive a summons giving five **Clear Days’** notice to attend and specifying the business proposed to be transacted at the meeting. Except in the case of business required by law to be transacted at the **Annual Meeting** of the **Full Council**, or other business brought before the meeting as a matter of urgency in accordance with the **Constitution**, no business shall be transacted at a meeting other than that specified in the summons.
- c. Where a meeting will include the taking of a confidential executive decision or a key decision, the Council will give at least 28 **Clear Calendar Days’** notice of the intention to take the decision together with details of the meeting at which such a decision will be made.

17. **Public Access to Agenda and Reports Before the Meeting**

- a. The Council will make copies of the **Agenda** and reports open to the public available for inspection online and at the Designated Council Offices and on its website at least five **Clear Days** before the meeting, except that where a meeting is convened at shorter notice, the copies of the Agenda and reports shall be open to inspection from the time the meeting is convened. If an item is added to the Agenda

later, the revised Agenda will be open to inspection and published ~~at~~ the Council's [Offices and on it's](#) website from the time the item was added to the Agenda. Where reports are prepared after the summons has been sent out, the Democratic Services Team shall make each such report available to the public as soon as the report is completed and sent to **Councillors**.

- b. An item may be added to an **Agenda** after it has been published provided that the **Chair** of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency and the urgency reasons are recorded in the minutes.
- c. Details of late items and associated reports will be made available to **Councillors** and the public as soon as this is made available for inspection [at the Council Offices](#) and published on the Council's [website](#).
- d. This Rule 5 does not require the publication of exempt or confidential information.

18. **Supply of Copies**

- a. The Council will in the first instance direct an interested person to the Council's [website](#) and [Council Offices](#) where such information is available, but where copies are required the Council will supply copies of:
 - i. any **Agenda** and reports which are open to public inspection;
 - ii. any further statements or particulars necessary to indicate the nature of the items in the **Agenda**; and
 - iii. if the **Monitoring Officer** thinks fit, copies of any other documents supplied to **Councillors** in connection with an item.
- b. Copies of the digital **Agendas** of **Cabinet** meetings will be circulated to all **Councillors**.
- c. The Council will make available for the use of members of the public present at meetings, a reasonable number of copies of the **Agenda** and of those reports which are open to the public.

19. **Public Access to Minutes After the Meeting**

- a. The Council will make available copies of the following for six years after a meeting or an individual **Cabinet Member** decision:
 - i. the minutes of the meeting excluding any part of the minutes of proceedings when the meeting was not open to the public or

which disclose exempt or confidential information (as defined in Rule 9);

- ii. a summary of any proceedings not open to the public where the minutes open to inspection would not provide a reasonably fair and coherent record;
- iii. the **Agenda** for the meeting; and
- iv. reports relating to items when the meeting was open to the public.

20. **Public Access to Background Papers and Summary of Rights**

a. **List of background papers**

- i. The report author will set out in every report a list of those documents (called background papers) relating to the subject matter of the report which in his/her opinion:
 - 1. disclose any facts or matters on which the report or an important part of the report is based; and
 - 2. which have been relied on to a material extent in preparing the report;

but does not include published works or those which disclose exempt or confidential information (as defined in Rule 9) and in respect of **Cabinet** reports, the advice of a political advisor.

b. **Public inspection of background papers**

- i. The Council will make available for public inspection for six years after the date of the meeting or an individual **Cabinet Member** decision one copy of each of the documents on the list of background papers.

c. **Summary of Public's Rights**

- i. A written summary of the public's rights to attend meetings and to inspect and copy documents will be available to the public at the Council [eOffices](#).

21. **Exclusion of Access by the Press and Public to Meetings**

a. **Confidential information - requirement to exclude the press and public**

The press and public must be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be

disclosed.

b. Exempt information - discretion to exclude press and public

The press and public may be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that exempt information would be disclosed, provided:

- i. the meeting resolves so to exclude the press and public, and that resolution identifies the proceedings or part of the proceedings to which it applies;
- ii. that resolution states, by reference to the descriptions in Schedule 12A to the Local Government Act 1972 (Rule 9.4 below), the description of the exempt information giving rise to the exclusion of the public; and
- iii. in all the circumstances of the case, that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Where the meeting will determine any person's civil rights or obligations, or adversely affect their possessions, Article 6 of the Human Rights Act 1998 establishes a presumption that the meeting will be held in public unless a private hearing is necessary for one of the reasons specified in Article 6.

c. Meaning of confidential information

Confidential information means information given to the Council by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by reason of a court order or any enactment.

d. Meaning of exempt information

Exempt information means information falling within the following 7 descriptions (subject to any qualifications) (as defined by Schedule 12A of the Local Government Act 1972 (as amended)):

	Description	Interpretation	Qualification
1.	Information relating to any individual.		Information within paragraph 1 is exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the

			information.
2.	Information which is likely to reveal the identity of an individual.		Information within paragraph 2 is exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
3.	Information relating to the financial or business affairs of any particular person (including the authority holding that information).	<p>The authority is a reference to the principal council or, as the case may be, the board, Committee or Sub-Committee in relation to whose proceedings or documents the question whether information is exempt or not falls to be determined</p> <p>Financial or business affairs includes contemplated, as well as past or current activities</p> <p>Registered in relation to information required to be registered under the Building Societies Act 1986, means recorded in the public file of any building society (within the meaning of the Act)</p>	<p>Information within paragraph 3 is not exempt information if it is required to be registered under-</p> <ul style="list-style-type: none"> (a) the Companies Act 2006; (b) the Friendly Societies Act 1974; (c) the Friendly Societies Act 1992; (d) the Co-operative and Community Benefit Societies Act 2014; (e) the Building Societies Act 1986;or (f) the Charities Act 2011. <p>Subject to the above, information within paragraph 3 is exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>
4.	Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour	The authority is reference to the principal council or, as the case may be, the board, Committee or sub-Committee in relation to whose proceedings or documents the question whether information is exempt or not falls to be determined	Information within paragraph 4 is exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

	<p>relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority</p>	<p><u>Employee</u> means a person employed under a contract of service</p> <p><u>Labour relations matter</u> means:</p> <p>(a) any of the matters specified in paragraphs (a) to (g) of Section 218 of the Trade Union and Labour Relations (Consolidation) Act 1992 (matters which may be the subject of a trade dispute, within the meaning of the Act); or</p> <p>any dispute about a matter falling within paragraph (a) above (applies to trade disputes relating to office holders as well as employees)</p> <p><u>Office holder</u> in relation to the authority, means the holder of any paid office appointments to which are or may be made or confirmed by the authority or by any joint board on which the authority is represented or by any person who holds any such office or is an employee of the authority</p>	
5.	<p>Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.</p>		<p>Information within paragraph 5 is exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>

6.	Information which reveals that the authority proposes – to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or to make an order or direction under any enactment.	<u>The authority</u> is a reference to the principal council or, as the case may be, the board, Committee or sub-Committee in relation to whose proceedings or documents the question whether information is exempt or not falls to be determined	Information within paragraph 6 is exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
7.	Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.		Information within paragraph 7 is exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992.

22. **Exclusion of Access by the Public to Reports**

If the **Monitoring Officer** thinks fit, the Council may exclude access by the public to reports which in his/her opinion relate to items during which, in accordance with Rule 9, the meeting is likely not to be open to the public. Such reports will be marked “Not for Publication” together with the category of information likely to be disclosed.

23. **Application of these Procedure Rules to the Executive**

- a. All decisions of the **Executive** (that is, of the **Leader**, the **Cabinet**, individual **Cabinet Members** or a Committee of the Cabinet) will be public and the press and public shall only be excluded as provided by Rule 9 where confidential or exempt information would otherwise be disclosed.

Key Decisions

- b. Where a **Key Decision** is to be made by the **Executive** (that is, the **Leader**, the **Cabinet**, individual **Cabinet Members** or a Committee of the Cabinet) or the **Chief Executive** under urgency as set out in the **Cabinet (Executive) Procedure Rules in Part 3, Rules 12 – 23** shall apply.

24. **The Executive Decision Notice**

a. **Period of the Executive Decision Notice (“The Notice”)**

- i. The Notice will be prepared by the Leader to cover decisions that are to be taken no sooner than 28 **Clear Calendar Days** following publication of the Notice.
- ii. The Notice must be published [at the Council’s Offices and on the Council’s website](#) at least 28 **Clear Calendar Days** before the proposed executive decision is taken. If an item is not on notice, the decision cannot be taken unless Rules 16 or 17 apply. Any outstanding matters from the previous Notice will be included in the latest Notice.
- iii. The most recent Notice shall be taken to have superseded any earlier Notice, or as the case may be, each earlier Notice.

b. **Contents of Executive Decision Notice**

12.2.1 The **Executive Decision Notice** will contain matters which the Leader has reason to believe will be subject of an executive or **Key Decision** to be taken by the **Cabinet**, or one of its groups, or Officers, or under joint arrangements, in the course of the discharge of an **Executive Function** during the period covered by the Notice. It will also contain notice of decisions to be taken confidentially. It will describe the following particulars in so far as the information is available or might reasonably be obtained:

- (a) the matter in respect of which a decision is to be made;
- (b) where the decision-taker is an individual, his/her name and title, if any and where the decision taker is a body, its name and details of membership;
- (c) the date on which, or the period within which, the decision is to be made;
- (d) the procedure for requesting documents connected to the decision;
- (e) that other documents can be submitted;
- (f) the steps any person might take who wishes to make representations to the **Cabinet** or decision-taker about the matter in respect of which the decision is to be made, and the date by which those steps must be taken;
- (g) a list of the documents submitted to the decision-taker for consideration in relation to the matter about which the decision is to be made; and
- (h) the address where documents are available.

12.2.2 **Additional Requirements for Key Decisions**

- (a) The **Executive Decision Notice** must specify if a decision to be taken is a **Key Decision**
- (b) Where a decision-maker intends to make a Key Decision, that decision must not be made until a notice of the Key Decision has been published on the Executive Decision Notice which contains:
 - i. that a Key Decision is to be made;
 - ii. the matter in respect of which the decision is to be made;
 - iii. where the decision-maker is an individual, the name of

- the individual;
 - iv. where the decision-maker is a body, its name and a list of its members;
 - v. a list of the documents submitted for consideration;
 - vi. the address from which copies or extracts of documents are available;
 - vii. that other documents may be submitted for consideration; and
 - viii. the procedure for requesting documents.
- (c) The Notice specifying what Key Decisions are to be taken must be published [at the Council's Offices and on the Council's website](#) at least 28 **Clear Calendar Days** before the decision is to be taken. The public may be excluded from the meeting at which a key decision is to be taken if information is likely to be disclosed which is confidential or exempt under Schedule 12A.

12.2.3 Additional Requirements for Private Meetings

- (a) The **Executive Decision Notice** must specify if a meeting or any part of the meeting at which an executive decision is to be taken will be in private.
- (b) The steps any person might take who wishes to make representations to the decision-making body or decision-taker about whether the matter should be held in public and the date by which those steps must be taken.
- (c) At least five **Clear Calendar Days** before a private meeting, the decision-making body must:
 - i. confirm the decision to hold the meeting in private or not;
 - ii. make available at the Council Offices a further notice of its intention to hold the meeting in private or public if appropriate; and
 - iii. publish that notice on the Council's [website](#).
- (d) The notice must include:
 - i. a statement of reasons for the meeting to be held in private;

- ii. details of any representations received by the decision-making body about why the meeting should be open to the public; and
 - iii. a statement of its response to any such representations.
- (e) Where the date by which a meeting must be held makes compliance with section (d) impracticable, the meeting may only be held in private where the decision-making body has obtained agreement from:
 - i. the chair of one of the **Scrutiny Committees**;
 - ii. if the Chair of one of the **Scrutiny Committees** are unable to act, the **Chair of the Council**; or
 - iii. where there is no **Chair** of either of the **Scrutiny Committees** or of the Council, the **Deputy Chair of the Council**, that the meeting is urgent and cannot reasonably be deferred.
- (f) As soon as reasonably practicable after the decision-making body has obtained agreement to hold a private meeting, it must:
 - i. make available at the Council Offices a notice setting out the reasons why the meeting is urgent and cannot reasonably be deferred; and
 - ii. publish that notice on the Council's [website](#).
- (g) Cabinet Members will be entitled to receive five **Clear Calendar Days**' notice of a meeting to which they are summoned, unless the meeting is convened at shorter notice as a matter of urgency.

25. **Publicity**

- a. The **Monitoring Officer** will make available a copy of the Executive Decision Notice ("the Notice") and publish the Notice on the Council's [website](#). The Notice will state:
 - (a) that **Key Decisions** are to be taken on behalf of the Council;
 - (b) the particulars of the matters on which decisions are to be taken;
 - (c) the Notice will contain details of the key decisions to be made by or on behalf of the Executive, no sooner than 28 **Clear Calendar Days** after publication;

- (d) that each Notice will be available for inspection at reasonable hours free of charge at the Council Offices;
 - (e) that each Notice will contain a list of the documents submitted to the decision takers for consideration in relation to the Key Decisions on the Notice;
 - (f) the address from which, subject to any prohibition or restriction on their disclosure, copies of, or extracts from, any document listed in the Notice is available;
 - (g) that other documents may be submitted to decision-takers; and
 - (h) the procedure for requesting details of documents (if any) as they become available.
- b. Exempt information need not be included in the Executive Decision Notice and confidential information cannot be included.

26. **General Exception**

- a. If a matter which is likely to be a **Key Decision** has not been included in the Executive Decision Notice, then subject to Rule 15 (Special Urgency), the decision may still be taken if:
 - i. the decision must be taken by such a date that it is impracticable to defer the decision;
 - ii. the **Monitoring Officer** has informed the Chair of a relevant **Scrutiny Committee**, or if there is no such person, each member of that Committee in writing, by notice, of the matter to which the decision is to be made;
 - iii. The Monitoring Officer has made copies of that notice available to the public at ~~the offices of~~ the Council Offices and on the website for inspection; and
 - iv. at least five **Clear Calendar Days** have elapsed since the Monitoring Officer complied with 14.1.2 and 14.1.3.
- b. Subject to Rule 9, where such a decision is taken collectively, it must be taken in public unless it involves consideration of exempt or confidential information.
- c. As soon as reasonably practicable, the Monitoring Officer must:
 - (a) make available at the Council Offices a notice setting out the reasons why it was impracticable to defer the decision until it

has been included on the next **Executive Decision Notice**;
and

- (b) publish that notice on the Council's [website](#).

27. **Special Urgency**

- a. If by virtue of the date by which a decision must be taken Rule 14 (General Exception) cannot be followed, then the decision can only be taken if the decision-taker (if an individual) or the **Chair** of the body making the decision, obtains the agreement of the Chair of a relevant **Scrutiny Committee** that the taking of the decision is urgent and cannot be reasonably deferred.
- b. If there is no Chair of a relevant **Scrutiny Committee**, or if the Chair of the relevant Scrutiny Committee is unable to act, then the agreement of the **Chair of the Council**, or in his/her absence the Deputy Chair will suffice.
- c. As soon as reasonably practicable after agreement has been given, the Monitoring Officer shall make available a notice setting out the reasons for urgency and why the decision cannot be reasonably deferred and publish that notice [at the Council's offices and](#) on the Council's [website](#).
- d. The Leader will submit a quarterly report to the Council on the executive decisions taken under this Rule in the preceding three months. The report will include the number of decisions taken and a summary of the matter about which each decision was made.

28. **Private Meetings**

- a. Subject to Rule 16.2, a **private meeting** may not take place unless:
 - i. At least 28 **Clear Calendar Days** before the scheduled meeting a notice (the **Executive Decision Notice**) has been made available for inspection by the public at the [designated Council's Offices](#) and on the [website](#) of the intention to hold the **Cabinet** or Cabinet Committee meeting in private; and
 - ii. At least five **Clear Calendar Days** before the scheduled meeting, a further notice has been made available for inspection by the public at the [Designated Council's Offices](#) and on the website which shall include any representations made as to why any item specified in the notice given under Rule 16.1.1 above should be open to the public together with the Council's response.

- b. Where the date by which a meeting must be held makes compliance with Rule 16.1 impracticable, the meeting may only be held where the decision-making body has obtained agreement from the Chair of a relevant **Scrutiny Committee** that the meeting is urgent and cannot reasonably be deferred. If there is no Chair of a relevant Scrutiny Committee, or if the Chair of each relevant Scrutiny Committee is unable to act, then the agreement of the **Chair of the Council**, or in his/her absence the Deputy Chair will suffice.
- c. As soon as reasonably practicable after the decision-making body has obtained agreement under Rule 16.2 to hold a private meeting, the Monitoring Officer shall publish a notice setting out why the meeting is urgent and cannot reasonably be deferred and shall make that notice available to the public at the ~~designated~~ [Council's Offices](#) and on the [website](#).
- d. All **Cabinet Members** are entitled to attend a private meeting of any group of the Cabinet and be allowed to speak with the consent of the **Chair** of that group.
- e. Notice of private meetings of the **Cabinet** and its groups will be served on all **Non-Executive Members**, at the same time as notice is served on **Cabinet Members**.
- f. Where a matter under consideration at a private meeting of the **Cabinet**, or a group of it, is within the remit of a monitoring body any Councillor may attend that private meeting and speak with the consent of the person presiding.
- g. A private meeting of the **Cabinet** may not take any decisions unless the **Head of Paid Service**, the **S151 Officer** or the **Monitoring Officer**, or their nominees, are present or have waived their entitlement to attend. A private Cabinet meeting may only take a decision if there is an Officer present with responsibility for recording and publicising the decisions.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 24
JANUARY 2024

Title of Report	STANDARDS AND ETHICS REPORT – QUARTER 3	
Presented by	Elizabeth Warhurst Head of Legal and Support Services and Monitoring Officer	
Background Papers	None	Public Report: Yes
Financial Implications	There are no financial implications to be considered.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	The report details the council's compliance with legislative requirements including Freedom of Information requests, Environmental Information Requests, and RIPA in the previous quarter.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	None arising from the report	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To receive the figures for local determination of complaints and the ethical indicators for Quarter 3 of 2023/2024	
Recommendations	THE REPORT BE RECEIVED AND NOTED.	

1. BACKGROUND

- 1.1 The Standards and Ethics Report provides information in two categories: Local Determination of Complaints and Ethical Indicators.

Policies and other considerations, as appropriate	
Council Priorities:	- Our communities are safe, healthy and connected
Policy Considerations:	N/A
Safeguarding:	Customers and the community are safeguarded in relation to modern slavery by having the ability to raise instances of concern, which must be looked into and referred to the national agencies where

	appropriate.
Equalities/Diversity:	N/A
Customer Impact:	None directly arising from the report. Details of the process for making an FOI request and complaint about councillors are on the council's website.
Economic and Social Impact:	N/A
Environment, Climate Change and Zero Carbon:	N/A
Consultation/Community Engagement:	N/A
Risks:	The Audit and Governance Committee assists the Council in fulfilling its duty under the Localism Act 2011 to promote and maintain high standards of conduct by Councillors and co-opted Councillors of district and parish councils. Receiving regular reports on the statistics of councillor complaints enables the Committee to exercise oversight of this function.
Officer Contact	Elizabeth Warhurst, Head of Legal and Support Services elizabeth.warhurst@nwleicestershire.gov.uk

Standards and Ethics

Quarter 3 Report

2023-2024

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Introduction

This is the quarterly report to the Audit and Governance Committee detailing both the figures for the Ethical Indicators and the figures for the Local Determination of Complaints process for 2023/24.

For clarification purposes the months covered by the quarters are as follows:

Quarter 1 - 1 April to 30 June

Quarter 2 - 1 July to 30 September

Quarter 3 - 1 October to 31 December

Quarter 4 - 1 January to 31 March

The report is split into two parts for ease of reference; Part 1 refers to the local determination of complaints, part 2 is the table showing the ethical indicators figures.

The report will enable the Audit and Governance Committee to build up a picture over time of how many complaints are received and where these are coming from. The parts of the Code of Conduct which have been breached will also be recorded to enable training to be targeted effectively.

Local Determination of Complaints

The Monitoring Officer received 4 complaints in Quarter 3 of 2023/24 (1 October 2023 – 31 December 2023).

1 complaint received in Quarter 2 was unable to be progressed as it was determined in Quarter 3 that the Councillor was acting in a private capacity.

1 complaint received in Quarter 3 is still going.

2.1 Assessment Sub-committee Decisions

There has been 2 Assessment Sub-committee meetings in this quarter. 1 of the Assessment Sub-committee meetings was regarding 2 complaints received in quarter 2. The other Assessment Sub-committee meeting was regarding 3 complaints received in quarter 3.

The Monitoring Officer pursues an informal dispute resolution process prior to initiating formal proceedings via the Sub-committee route.

0 complaints have been resolved informally in Quarter 3.

2.2 Timeliness of Decision

The Local Government Association guidance states that where the decision has been delegated to an officer the authority should aim to complete their initial assessment of an allegation within 15 working days of receiving a complaint. Where the assessment is sent to a committee, the committee should be set up along similar timescales. The Council has taken this standard and included it in the Council's arrangements for dealing with complaints to aim to hold an Assessment Sub-committee within 15 working days of notifying the parties that informal resolution is not possible

2.3 Review Requests

There have been 0 review requests in Quarter 3. Review requests can only be made following a decision of 'No further Action' by the Assessment Sub-committee where there is submission of new evidence or information by the complainant.

2.4 Subsequent Referrals

None to report – see above

2.5 Outcome of Investigations

None to report – see above

2.6 Parts of the Code Breached

This section is intended to show where there are patterns forming to enable the Audit and Governance Committee to determine where there needs to be further training for Councillors. Targeting training in this way makes it more sustainable and, hopefully, more effective.

So far this year, the following areas of the code were found to have been breached:

N/A

Complaints made to the Monitoring Officer under the Code of Conduct during Q3 2023/24

Qtr 3 23/24	Complaint from	About district/ parish councillor	Regarding	status
	Member of the public	Parish Councillor	Various issues – use of IT and conduct at meetings	Considered by Assessment Sub-committee, three issues referred to the Monitoring Officer for further action and one issue, no further action
	Member of the public	Parish Councillor	Various issues – conduct at meetings/with staff, meeting and training attendance	Considered by Assessment Sub-committee and there was no further action required for all four issues
	Member of the public	Parish Councillor	Various issues – conduct at meetings/with staff, meeting and training attendance	Considered by Assessment Sub-committee, two issues referred to the Monitoring Officer for further action and two issues, no further action
	Member of the public	Parish Councillor	Conduct at meeting/role of Cllr	Ongoing

Ethical Indicators

PERFORMANCE INDICATOR ⁰	Q1			Q2			Q3			Q4		
	21/ 22	22/ 23	23/ 24	21/ 22	22/ 23	23/ 24	21/ 22	22/ 23	23/ 24	20/ 21	21/ 22	22/ 23
Instances of concerns raised re Modern Slavery	0	0	0	0	0	0	0	0	1	0	1	0
Instances of concerns raised re Modern Slavery referred to national agencies	0	0	0	0	0	0	0	0	0	0	0	0
Number of whistle blowing incidents reported	0	0	0	0	0	0	0	0	0	0	0	0
Number of Challenges to procurements	0	0	0	0	0	0	0	0	0	0	0	0
Public interest Reports	0	0	0	0	0	0	0	0	0	0	0	0
Objections to the Councils Accounts	0	0	0	0	0	0	0	0	0	0	0	0
Disciplinary action relating to breaches of the Member/Officer Protocol	0	0	0	0	0	0	0	0	0	0	0	0
Follow up action relating to breaches of the Member/Officer Protocol	0	0	0	0	0	0	0	0	0	0	0	0
Use of RIPA powers	0	0	0	0	0	0	0	0	0	0	0	0

Freedom of Information Requests

	Q1			Q2			Q3			Q4		
	21/22	22/23	23/24	21/22	22/23	23/24	21/22	22/23	23/24	20/21	21/22	22/23
Total Number (FOIs)	102	147	157	107	122	196	90	108	157	94	196	148
% answered on time	82.9%	51%	93%	71.9%	79%	85.7%	95.1%	60%	91.7%	86%	78.17%	91%
Average per month	34	49	52	36	41	71	30	38	52	31	65	49
Average response time (days)	14	7	11	13	9	12	10	14	10	11	15	13
Withheld due to exemption/fees (FOI and BAU)*	19	0	13	12	0	2	15	7	13	10	13	3
Transfers (TFRs)	18	29	18	12	21	15	24	18	20	23	28	26
Subject access requests (SARs)	1	3	11	2	6	11	5	5	9	5	13	10
Internal Reviews	0	1	1	2	3	2	1	3	1	0	2	1
Environmental Information Requests/ Land Charges Searches (personal)	6	4	6	491	4	7	336	7	360	11	1	7

- There has been a decrease in the number of FOI requests received in comparison to Q2. However, Q2 saw an increase in requests compared to other quarters.
- Approximately 50% of the overdue FOIs are allocated to one service. Measures have been put in place to support this service with the aim of seeing an improvement in QTR 4. The majority of overdue responses from other departments were overdue by one or two days.

FOI Exemptions for Q3 23/24

Exemption	Description	FOI
S21	Information Already Reasonably Accessible	7
S22	Information Intended for Future Publication	1
S27	International Relations	
S28	Relations within the UK	
S29	The Economy	
S30	Investigations	
S31	Law Enforcement	
S32	Court Records	
S36	Effective Conduct of Public Affairs	
S38	Endangering Health and Safety	
S39	Environmental Information	
S40	Personal Information of the Requester/Personal Information	4
S41	Confidentiality	
S42	Legal Professional Privilege	
S43	Trade Secrets and Prejudice to Commercial Interests	
S44	Prohibitions on Disclosure	
Total	<i>Number need not match the number of cases. Multiple exemptions may apply to one case.</i>	12

Definitions

Business as usual Information requested can be sent quickly and easily within the normal course of business

Land Charges specific information about a particular property

Ombudsman Complaint a customer has followed Stage 1 and 2 complaints procedure but if they are unhappy with the outcome, they are entitled to take the complaint to the Local Government Ombudsman who will decide if the Council has a case to answer.

Subject Access Request a request by an individual to see information an organisation holds on them

Transfers requests received that fall out of the Council's remit i.e. Adult Social Care or Highways

Environmental Information Request is a right for any person to request access to environmental information held by public authorities.

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