



Summons to and
Agenda for the Annual
Meeting on
**Thursday, 21st May,
2015**
at **10.00 am**



DEMOCRATIC SERVICES
SESSIONS HOUSE
MAIDSTONE

Wednesday, 13 May 2015

To: All Members of the County Council

Please attend the Annual Meeting of the County Council in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 21 May 2015 at **10.00 am** to deal with the following business. **The meeting is scheduled to end by 4.30 pm.**

Webcasting Notice

Please note: this meeting may be filmed for the live or subsequent broadcast via the Council's internet site or by any member of the public or press present.

By entering into this room you are consenting to being filmed. If you do not wish to have your image captured please let the Clerk know immediately.

Voting at County Council Meetings

Before a vote is taken the Chairman will announce that a vote is to be taken and the division bell shall be rung for 60 seconds unless the Chairman is satisfied that all Members are present in the Chamber.

20 seconds are allowed for electronic voting to take place and the Chairman will announce that the vote has closed and the result.

A G E N D A

1. Election of Chairman
2. Election of Vice-Chairman
3. Apologies for Absence
4. Declarations of Disclosable Pecuniary Interests or Other Significant Interests
5. Minutes of the meeting held on 26 March 2015 and, if in order, to **(Pages 5 - 24)** be approved as a correct record

6. Chairman's Announcements
7. Questions
8. Report by Leader of the Council (Oral)
9. Revised Proportionality Calculations and Committee Membership **(Pages 25 - 28)**
10. Updated Financial Regulations **(Pages 29 - 68)**
11. Statutory Officer Disciplinary Procedures **(Pages 69 - 74)**
12. Local Growth Fund: Governance Arrangements **(Pages 75 - 86)**
13. Annual report of the Independent Member Remuneration Panel **(Pages 87 - 98)**



Peter Sass
Head of Democratic Services

KENT COUNTY COUNCIL

MINUTES of a meeting of the Kent County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 26 March 2015.

PRESENT:

Mr M J Harrison (Vice-Chairman in the Chair)

Mrs A D Allen, MBE, Mr M Baldock, Mr M A C Balfour, Mr R H Bird, Mr H Birkby, Mr N J Bond, Mr A H T Bowles, Mr D L Brazier, Mrs P Brivio, Mr R E Brookbank, Mr C W Caller, Miss S J Carey, Mr P B Carter, CBE, Mr N J D Chard, Mr I S Chittenden, Mr B E Clark, Mrs P T Cole, Mr G Cooke, Mr G Cowan, Mrs M E Crabtree, Ms C J Cribbon, Mrs V J Dagger, Mr D S Daley, Mr M C Dance, Mr J A Davies, Mrs T Dean, MBE, Dr M R Eddy, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G K Gibbens, Mr R W Gough, Mr P M Harman, Ms A Harrison, Mr M Heale, Mr P M Hill, OBE, Mr C P D Hoare, Mrs S V Hohler, Mr S Holden, Mr E E C Hotson, Mrs S Howes, Mr A J King, MBE, Mr J A Kite, MBE, Mr S J G Koowaree, Mr R A Latchford, OBE, Mr R L H Long, TD, Mr G Lymer, Mr T A Maddison, Mr S C Manion, Mr R A Marsh, Mr F McKenna, Mr B Neaves, Mr M J Northey, Mr P J Oakford, Mr J M Ozog, Mr R J Parry, Mr C R Pearman, Mr L B Ridings, MBE, Mrs E D Rowbotham, Mr J E Scholes, Mr W Scobie, Mr T L Shonk, Mr C Simkins, Mr J D Simmonds, MBE, Mr C P Smith, Mr D Smyth, Mrs P A V Stockell, Mr B J Sweetland, Mr A Terry, Mr N S Thandi, Mr M J Vye, Mr J N Wedgbury, Mrs J Whittle, Mr M E Whybrow, Mr M A Wickham and Mrs Z Wiltshire

IN ATTENDANCE: David Cockburn (Corporate Director Strategic & Corporate Services), Denise Fitch (Democratic Services Manager (Council)), Andrew Ireland (Corporate Director Social Care, Health & Wellbeing), Andrew Scott-Clark (Director of Public Health), Peter Sass (Head of Democratic Services) and Andy Wood (Corporate Director Finance and Procurement)

UNRESTRICTED ITEMS

62. Apologies for Absence

The Head of Democratic Services reported apologies from Mr M J Angell, Mr L Burgess, Mr A D Crowther, Mr P J Homewood, Mr B E MacDowall and Mr R Truelove.

63. Declarations of Disclosable Pecuniary Interests or Other Significant Interests

Mr Cowan declared an interest in that both he and his wife were KCC foster carers.

64. Minutes of the meeting held on 12 February 2015 and, if in order, to be approved as a correct record

RESOLVED that the minutes of the meeting held on 12 February 2015 be approved as a correct record.

65. Chairman's Announcements

(a) Dr Peter Draper

(1) The Vice-Chairman announced that it was with regret that he had to inform the Council of the death of Dr Peter Draper, on 14 February 2015.

(2) He stated that Dr Draper was a former Conservative Member for Dartford West (formerly Dartford No 2) from 1973 to 1985. During his time with KCC he served on the Development Planning & Transportation Committee, the Amenities Sub-Group, the Education Committee, Adult Education & Youth Service Sub-Committee and the Further Education Sub-Committee.

(3) All Members stood in silence in memory of Dr Draper.

(4) After the silence, it was moved by the Vice-Chairman, seconded by Mrs Allen and

(5) RESOLVED unanimously that this Council desires to record the sense of loss it feels on the sad passing of Dr Draper and extends to his family and friends our heartfelt sympathy to them in their sad bereavement.

(b) Office visits

(6) The Vice-Chairman stated that he and the Chairman had visited the Amey facilities management team based at Brenchley House, The company Amey had taken over the facilities management here at County Hall and for the rest of Kent County Council, They found the visit interesting and enjoyed meeting the staff and hearing about the range of services offered by Amey.

(7) The Vice-Chairman explained that he and the Chairman intended to visit as many teams and offices across the County as possible. In the past weeks they had had a guided tour of Finance and Procurement, and Internal Audit based at Sessions House. He encouraged Members to visit the different teams and staff that were based in the corporate H.Q to see the fantastic services and frontline support being delivered. He referred to the other visits scheduled for the next month.

(c) Royal Visits

(8) The Vice-Chairman informed the Council that the Chairman had welcomed visits from the Duke of York at Sevenoaks School at the beginning of the month and more recently the Duchess of Cambridge's visit to the Turner Contemporary at Margate. Today the Chairman was welcoming Her Majesty the Queen and the Duke of Edinburgh to Kent hence his apologies for this meeting.

(d) **Requiem**

(9) The Vice-Chairman stated that he had enjoyed attending the Colyer-Fergusson Concert 2015 where the University of Kent Chorus and Symphony Orchestra performed Verdi's Requiem at Canterbury Cathedral on Saturday 14 March 2015.

(e) **By-election caused by the resignation of Mr David Baker (Romney Marsh)**

(10) The Vice-Chairman informed the Council that the by-election caused by the resignation of Mr Baker had now been called and the Notice of Election would be published on 30 March 2015. Assuming there was a contest, the poll will be held on Thursday 7 May 2015.

66. Questions

In accordance with Procedure Rule 1.17(4), nine questions were asked and replies given, these are attached as an appendix to the minutes. In accordance with Procedural rule 2.13 the County Council agreed to suspend Procedural Rule 1.17 (10) In order to allow all nine questions to be concluded.

67. Report by Leader of the Council (Oral)

(1) The Leader updated the County Council on events since the previous meeting.

(2) Mr Carter referred to the question asked earlier in the meeting relating to Furness School and explained the work that was being undertaken by Special School Head teachers to support the continuation of this school.

(3) Mr Carter mentioned the very pleasing third quarter's monitoring report which had been received at Cabinet on Monday 23 March 2015. In particular he referred to the re-employment rates for 16 – 64 year olds, which were above the national average. Also the number of apprenticeships in Kent had doubled in the last 5 years and the number of 18 – 24 year olds receiving job seekers allowance was the lowest for a decade.

(4) In relation to the education outcome statistics reported with the monitoring report, Mr Carter stated that for the first time in 17 years, Primary Schools were achieving national levels of attainment and Ofsted reports produced since Aug 2014 were showing a considerable improvement in performance.

(5) Mr Carter also referred to the significant improvements in adoption rates and the reduction in the number of children being taken into care. Also there had been a substantial improvement in the stability of placements for young people in foster care over the last quarter.

(6) Mr Carter made reference to the third quarter's revenue outturn report, which showed a projected underspend of £3m, which would be the thirteenth year running that a revenue underspend had been achieved.

(7) Mr Carter then mentioned the devolution debate, and the three independent reports produced by the Local Government Association (LGA) and the County Council Network (CCN). The LGA report had been produced by Ernst & Young and had identified key points that would be a requirement for devolution. These included a cohesive and coherent economic area; an area with significant scale to manage a wide range of public services; strong relationships across those local public services; mature governance arrangements and robust and visible leadership. He expressed the view that generally Kent and Medway were well positioned to achieve this and had with a very positive relationship with all the parts of the public sector.

(8) Mr Carter referred to the recent meeting of the Kent and Medway Economic Partnership, which had agreed that post-election it would request that Kent and Medway be the accountable Local Enterprise Partnership (LEP) for this area. In addition the Kent Leaders' Group had unanimously endorsed this approach and had agreed that KCC with district Chief Executives would begin to look at what a proposition for a combined local authority in Kent would look like. It was intended to put a very compelling case that Whitehall must and should let go and empower local government to deliver better services for less public money.

(9) Mr Latchford, the Leader of the Opposition, referred to the Strategic Plan "Increasing opportunities, improving outcomes" which was being considered at this meeting. He welcomed the Plan and supported it in principle but expressed concern about the commissioning route. He emphasised the need to ensure that all contracted services were effectively monitored and had a majority input and influence in outsourced services in general.

(10) In relation to the revenue budget outturn he thanked officers and Members for the third quarter results.

(11) Regarding the third quarter's monitoring report he was pleased that waste and landfill was being monitored. He referred to his concerns about the cost of providing this service when so many companies seemed to be making a profit for providing the same service. He acknowledged that the monitoring system was working effectively and that the monitoring report to Cabinet clearly demonstrated improvements but he would continue to raise areas of concern for examination.

(12) Mr Latchford referred to the Leader's views on English devolution and stated that his group fully supported the devolution of power to the County Council.

(13) Mr Cowan, Leader of the Labour Group, acknowledged that the third quarter's monitoring report was a good one and congratulated the Leader. He referred to the performance monitoring results which showed that the percentage of all schools with good or outstanding Ofsted reports showed good improvement in most areas. However, there were still 106 schools that required improvement and 24 schools that had been judged as inadequate by Ofsted which was about 25% of schools that needed serious attention.

(14) Mr Cowan referred to the likely revenue underspend of £3m which he welcomed on financial grounds but he highlighted the implications of the cutbacks in relation to the loss of some excellent staff and its impact upon children's centres and youth facilities. The cuts imposed on local government had been more severe than those faced by any Whitehall department.

(15) In relation to devolution Mr Cowan mentioned the reference made by the Chancellor in his budget speech the previous week to the large cities as the engine room of growth. However there were other larger areas such as the old Kent coal fields which needed regeneration. He believed that the CCN was right to press for devolution to areas such as County Councils in order to generate economic growth.

(16) Mrs Dean, Leader of the Liberal Democrat Group, welcomed Mr Wood back to support the County Council and offered her congratulations on the balancing of the budget. She expressed the hope that some of that underspend would be re-directed to the switching of the street lights at night

(17) In relation to devolution, she stated that this had been Liberal Democrat policy for decades and expressed the view that decision making was more effective the nearer it was to the people it affected.

(18) Mrs Dean referred to performance monitoring of educational achievement and specifically that there was a link to the impact from the revision to education finance from the County Council introduced by the Liberal Democrat/Labour controlled County Council in 1997/98. In addition she referred to the contribution by the additional premium funding to children from deprived backgrounds by central government. She requested the Leader to instigate some research into what can be learned in relation to raising attainment from the King George VI grammar schools who took 20% of their cohort from deprived backgrounds and how that has been reflected in their results.

(19) Mrs Dean stated that the reputation of the Council was enhanced by good Performance Indicator results, however there were lessons that could be learnt from the process for the introduction of the street lighting policy.

(20) Mr Whybrow, Leader of the Independents Group, endorsed a lot of the good news in the Leaders report but stated that this should be balanced against the human consequences of government cuts. Also it was becoming increasingly harder to balance the budget with some services, such as Specialist Children's Services struggling to remain within budget. He was pleased to note that some of the underspend would be rolled over for the troubled families programme and the social fund. In relation to the social fund he stated that he would welcome feedback from people who had accessed the service about how it might be improved, but acknowledged that the additional funding was good news.

(21) Mr Whybrow expressed his support for devolution of powers to County Councils and referred to the motion later in the meeting regarding re-investing fuel tax and suggested that something similar in relation to Council Tax would give the County Council greater control over its own destiny. He welcomed the pressure that the Leader was putting on central in relation to devolution.

(22) In replying to the other group leader's comments, Mr Carter stated that he noted the general agreement on devolution and thanked Mr Simmonds for delivering the £3m underspend. He reminded Members of his promise to fund £1m of road maintenance if there was an underspend and he was discussing this with Mr Balfour to achieve this efficiently. He confirmed that he agreed with the comments made on the challenges placed on local government, which were greater than any other part of

the public sector and hoped that central government, would recognise that this could not continue.

(23) Regarding education, Mr Carter referred to the substantial improvements that had been made at key stage 2 since some schools went into category 2 or 3 years ago. He was confident that when these schools were re-inspected there would be a number that would come out of category. He agreed that the investment in early year's education a number of years ago had contributed to this improvement.

68. Increasing Opportunities, Improving Outcomes: Kent County Council's Strategic Statement (2015-2020)

(1) Mr Carter moved and Mr Simmonds seconded the following recommendations as set out on 19 of the report:

“County Council is asked to agree the following:

- To note the findings of the public consultation and subsequent changes to the draft strategic statement as set out in the report.
- Agree that they approve “*Increasing Opportunities, Improving Outcomes*” (Appendix 1) as the five year strategic statement for KCC.”

(2) Following a debate the Vice-Chairman put each of the bullet points in the recommendation to the County Council.

(3) The first bullet point was agreed without a vote. The second bullet point was put to a vote and the voting was as follows:

For (57)

Mrs A Allen, Mr M Balfour, Mr R Bird, Mr H Birkby, Mr N Bond, Mr D Brazier, Mrs P Brivio, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mr I Chittenden, Mr B Clark, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mrs V Dagger, Mr D Daley, Mr M Dance, Mr J Davies, Mrs T Dean, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr E Hotson, Mr A King, Mr J Kite, Mr G Koowaree, Mr R Latchford, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr P Oakford, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr T Shonk, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr A Terry, Mr M Vye, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham, Mrs Z Wiltshire

Against (16)

Mr C Caller, Mr G Cowan, Ms J Cribbon, Dr M Eddy, Ms A Harrison, Mr M Heale, Mr C Hoare, Ms S Howes, Mr F McKenna, Mr T Maddison, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr D Smyth, Mr N Thandi, Mr M Whybrow

Abstain (2)

Mr M Baldock, Mr J Elenor

Motion carried

(4) RESOLVED that the findings of the public consultation and subsequent changes to the draft strategic statement as set out in the report be noted and the “*Increasing Opportunities, Improving Outcomes*” (Appendix 1 to the report) be approved as the five year strategic statement for KCC.

69. Pay Policy Statement

(1) Mr Cooke moved and Mr Carter seconded the recommendation that the County Council endorses the attached Pay Policy Statement.

(2) Following a debate the Vice-Chairman put the motion above to the vote and the votes cast were as follows:

For (67)

Mrs A Allen, Mr M Baldock, Mr M Balfour, Mr R Bird, Mr H Birkby, Mr N Bond, Mr D Brazier, Mrs P Brivio, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mr I Chittenden, Mr B Clark, Mrs P Cole, Mr G Cooke, Mr G Cowan, Mrs M Crabtree, Ms J Cribbon, Mrs V Dagger, Mr M Dance, Mr J Davies, Mrs T Dean, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Ms A Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr E Hotson, Ms S Howes, Mr A King, Mr J Kite, Mr G Koowaree, Mr R Latchford, Mr R Long, Mr G Lymer, Mr T Maddison, Mr S Manion, Mr A Marsh, Mr F McKenna, Mr B Neaves, Mr M Northey, Mr P Oakford, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mrs E Rowbotham, Mr J Scholes, Mr W Scobie, Mr T Shonk, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mr D Smyth, Mrs P Stockell, Mr B Sweetland, Mr A Terry, Mr N Thandi, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham, Mrs Z Wiltshire

Against (4)

Mr D Daley, Mr C Hoare, Mr M Vye, Mr M Whybrow

Abstain (1)

Mr J Elenor

Motion carried

(3) RESOLVED that the County Council endorses the Pay Policy Statement set out on pages 55 to 58 of the report.

(Mr Caller declared a Disclosable Pecuniary Interest in relation to this item as he had family members employed by Kent County Council and he withdrew from the meeting).

70. Treasury Management 6 Month review 2014/15

(1) Mr Simmonds moved and Ms Carey seconded the recommendation that the report be noted.

- (2) The motion was agreed without a vote.
- (3) RESOLVED that the report be noted.

71. Local Pension Board

- (1) Mr Scholes moved and Mr Daley seconded the following recommendation:

“The County Council is requested to establish a Local Pension Board with effect from 1 April 2015 based on the proposal set out in Appendix 1 to this report with paragraph 10 (page 76 of the County Council book) amended as follows ;

“10. Substitutes

Substitutes will be allowed for the Kent Active Retirement and Unison members of the Board but they must be a named individual who will undertake the necessary training and development.”

- (2) The motion was agreed without a vote.
- (3) RESOLVED that a Local Pension Board be established with effect from 1 April 2015 based on the proposal set out in Appendix 1 to the report with paragraph 10 (page 76 of the County Council book) amended as follows ;
“10. Substitutes
Substitutes will be allowed for the Kent Active Retirement and Unison members of the Board but they must be a named individual who will undertake the necessary training and development.”

72. Petition debate - Right to light

- (1) The Vice-Chairman invited Miss Tina Brooker, the petitioner organiser, to address the Council on the above petition. Miss Brooker spoke to the petition.
- (2) Mr Carter moved and Mr Pearman seconded the following motion:

“This Council understands the concerns of the petitioners and recommends that the Cabinet Member for Environment and Transport, having been fully informed by Kent Police and having sought the advice of the Environment and Transport Cabinet Committee, should establish the criteria for deciding on a case by case basis whether all night street lighting should be returned to a particular place.”

- (3) Dr Eddy proposed and Mr Caller seconded the following amendment to the above motion:

“This Council recommends to the Cabinet Member for Environment and Transport to accede to the petitioners’ request for the reinstatement of street lighting between midnight and 5.30am with immediate effect.”

- (4) Following a debate the Vice-Chairman put the amendment set out in paragraph (3) above to the vote and the votes cast were as follows:

For (29)

Mr M Baldock, Mr R Bird, Mr H Birkby, Mr N Bond, Mrs P Brivio, Mr C Caller, Mr I Chittenden, Mr B Clark, Ms J Cribbon, Mr G Cowan, Mr D Daley, Mrs T Dean, Dr M Eddy, Mr P Harman, Ms A Harrison, Mr C Hoare, Ms S Howes, Mr G Koowaree, Mr R Latchford, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr N Thandi, Mr A Terry, Mr M Vye

Against (43)

Mrs A Allen, Mr M Balfour, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mrs V Dagger, Mr M Dance, Mr J Davies, Mr J Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr E Hotson, Mr J Kite, Mr A King, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr P Oakford, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr J Wedgbury, Mrs J Whittle, Mr M Whybrow, Mr A Wickham

Abstain (1)

Mrs M Elenor

Amendment lost

(5) Following a debate the Vice-Chairman put the motion set out in paragraph (2) above to the vote and the votes cast were as follows:

For (44)

Mrs A Allen, Mr M Balfour, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mrs V Dagger, Mr M Dance, Mr J Davies, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr E Hotson, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr P Oakford, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr J Wedgbury, Mrs J Whittle, Mr M Whybrow, Mr A Wickham

Against (30)

Mr M Baldock, Mr R Bird, Mr H Birkby, Mrs P Brivio, Mr N Bond, Mr C Caller, Mr I Chittenden, Mr B Clark, Mr G Cowan, Ms J Cribbon, Mr D Daley, Mrs T Dean, Dr M Eddy, Mr J Elenor, Ms A Harrison, Mr C Hoare, Ms S Howes, Mr G Koowaree, Mr R Latchford, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr N Thandi, Mr A Terry, Mr M Vye, Mrs Z Wiltshire

Abstain (0)

Motion carried

(6) The Vice-Chairman then invited the Cabinet Member for Transport and Environment, Mr Balfour, to respond to the debate and describe how he intended to take the petitioner's concerns forward.

(7) Mr Balfour referred to the district by district review, which was currently being carried out by the Police in relation to crime figures for areas where the lights had been turned off over night. He mentioned that the proposed LED lights would provide greater flexibility in the adjustment of street lights for individual areas. The Environment and Transport Cabinet Committee in July would be considering the criteria for all night street lighting to be returned but in the meantime he welcomed any suggestions that Members may wish to submit to him for the proposed criteria.

(7) RESOLVED that this Council understands the concerns of the petitioners and recommends that the Cabinet Member for Environment and Transport, having been fully informed by Kent Police and having sought the advice of the Environment and Transport Cabinet Committee, should establish the criteria for deciding on a case by case basis whether all night street lighting should be returned to a particular place.

73. Motion for Time Limited Debate

(1) Mr Parry moved and Mr Marsh seconded the following motion:

"This Council is asked to note that, according to a national poll, an overwhelming majority of residents agreed that the existing fuel duty should be reinvested back into local areas to help bring our crumbling roads back up to scratch. The national survey, carried out for the LGA, found that 83% of those polled back calls for the Government to inject a further £1bn a year into road maintenance by investing the equivalent of just two pence per litre of the existing fuel duty. This would allow Councils to improve the quality of our roads over the next decade.

Accordingly, this Council requests the Cabinet Member for Environment and Transport to lobby the government to implement this change as soon as possible in order to provide these much needed additional funds for our roads".

(2) Dr Eddy moved and Mr Smyth seconded the following amendment:

"This Council **notes** that, according to a national poll, an overwhelming majority of residents agreed that the existing fuel duty should be reinvested back into local areas to help bring our crumbling roads back up to scratch. The national survey, carried out for the LGA, found that 83% of those polled back calls for the Government to inject a further £1bn a year into road maintenance by investing the equivalent of just two pence per litre of the existing fuel duty. This **level of additional funding** would allow Councils to improve the quality of our roads over the next decade.

Accordingly, this Council **resolves** to lobby **central** government to **reduce the scale of current funding cuts and implement a fair and sustainable funding regime for local government which might include the localisation of certain national taxes.** "

(3) Following a debate the Vice-Chairman put the amendment set out in paragraph (2) above to the vote and the voting was as follows:

For (13)

Mrs P Brivio, Mr C Caller, Mr G Cowan, Ms J Cribbon, Dr M Eddy, Mr P Harman, Ms A Harrison, Ms S Howes, Mr T Maddison, Mrs E Rowbotham, Mr D Smyth, Mr N Thandi, Mr M Whybrow

Against (53)

Mrs A Allen, Mr H Birkby, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mr I Chittenden, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mrs V Dagger, Mr M Dance, Mr J Davies, Mrs T Dean, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr M Hill, Mr C Hoare, Mrs S Hohler, Mr S Holden, Mr E Hotson, Mr A King, Mr J Kite, Mr G Koowaree, Mr R Latchford, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr F McKenna, Mr B Neaves, Mr M Northey, Mr P Oakford, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr T Shonk, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr A Terry, Mr M Vye, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham, Mrs Z Wiltshire

Abstain (0)

Amendment lost

(4) The Vice-Chairman put the motion as set out in paragraph (1) above to the vote and the voting was as follows:

For (52)

Mrs A Allen, Mr M Baldock, Mr H Birkby, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mr I Chittenden, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mr M Dance, Mr J Davies, Mrs T Dean, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Mr M Hill, Mr C Hoare, Mrs S Hohler, Mr S Holden, Mr E Hotson, Mr A King, Mr J Kite, Mr G Koowaree, Mr R Latchford, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr F McKenna, Mr B Neaves, Mr M Northey, Mr P Oakford, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr M Vye, Mr J Wedgbury, Mrs J Whittle, Mr M Whybrow, Mr A Wickham, Mrs Z Wiltshire

Against (15)

Mrs P Brivio, Mr C Caller, Mr G Cowan, Ms J Cribbon, Mrs V Dagger, Dr M Eddy, Mr J Elenor, Ms A Harrison, Mr T Maddison, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr A Terry, Mr N Thandi

Abstain (0)

Motion carried

RESOLVED that this Council notes that, according to a national poll, an overwhelming majority of residents agreed that the existing fuel duty should be reinvested back into local areas to help bring our crumbling roads back up to scratch. The national survey, carried out for the LGA, found that 83% of those polled back calls for the Government to inject a further £1bn a year into road maintenance by

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investing the equivalent of just two pence per litre of the existing fuel duty. This would allow Councils to improve the quality of our roads over the next decade.

Accordingly, this Council requests the Cabinet Member for Environment and Transport to lobby the government to implement this change as soon as possible in order to provide these much needed additional funds for our roads.

COUNTY COUNCIL

Thursday 26 March 2015

Question 1

**Question by Colin Caller to
Matthew Balfour, Cabinet Member for Environment & Transport**

I, along with the residents of the road, welcomed Mr Brazier's intervention to get some street lights turned on in The Warren, Gravesend following representation from the residents about their concern over safety and their fear of crime.

Will Mr Balfour assure Members of this chamber that this common sense approach to having some street lights on will be applied equally to all the other residents of Kent that have voiced concerns over their fear of safety and crime.

Answer

Concerns raised about part-night lighting are considered on a case by case basis, the process involves liaison with Kent Police.

The four street lights in The Warren, Gravesend were restored to all-night lighting after careful consideration of the circumstances that were apparent at that particular location. One factor was that Kent Police had made us aware of an incident that occurred during the night shortly after the lights were converted to part-night operation. Preferring to err on the side of caution some lights were converted back to all-night lighting.

To be consistent across Kent, and working with Kent Police, we will undertake future work on reviewing the criteria that will trigger a reversal to full night lighting in any area. These revised criteria would go before a future meeting of the Environment and Transport Cabinet Committee.

Going forward, we have said that all-night lighting will return as part of the proposal to convert the County Council's entire stock of street lights to LED. Conversion will begin in late 2015/early 2016 with residential areas being done first. This element of the works will take 12 months to complete, the entire scheme will take 3 years to implement.

Question 2

Question by Tom Maddison to Graham Gibbens, Cabinet Member for Adult Social Care and Public Health

In the light of the recent highly critical report by Gareth Arnold in Kent On Line (14th January 2015) regarding the use by KCC of the so called `dynamic purchasing system` to commission and provide residential care services for the elderly and vulnerable residents of Kent. Would the cabinet member please inform members and the public how this ebay style of on line system where council approved homes are invited to participate in a timed online auction, in which managers bid down against each other to secure the contract does in fact provide the best possible quality care for the vulnerable person in need of residential care in our county?

Answer

I want to thank Mr Maddison for his question and for the opportunity to publicly correct the misinformation about how this council arranges care for some of the most vulnerable people in the county who need long term residential and nursing care.

When someone needs such care, we discuss with the individual and their family their preferred location or any particular homes that they may have already considered. Fully anonymised details of the person's needs are then shared with providers in the desired area and other homes they are interested in. These homes then confirm if they can meet the individual's needs and have place available.

The council's new contract with care homes, and the associated dynamic purchasing system, enables us to rank providers based on quality and cost. This ranking is updated monthly with regular performance information and when new providers join the contract.

The ranking and the indicative cost of the suitable homes are provided to the individual and their family so they can decide which homes to visit and, subsequent to these visits, the homes confirm the actual cost. Individuals and their families are then able to make a final decision based on up to date quality and performance information along with accurate figures of the cost and what, if any top up payment may be required. This also provides much greater transparency on the public cost of arranging this care.

There is a timed element to the homes responding on the dynamic purchasing system but this is due to the need to arrange such care in a timely manner. I can categorically assure the individuals who need this care, their families and all members that this is not a reverse auction. It is a way of providing individuals and their families greater information and hence greater control over meeting their needs, while also ensuring the council uses its limited resources as effectively as possible.

Question 3

Question by Zita Wiltshire to John Simmonds, Cabinet Member for Finance and Procurement

What would the financial implications be for Kent County Council if the Government's proposal to amalgamate funds or direct where we could invest go ahead?

Answer

The Government is quite right to be looking at the effectiveness of how the LGPS operates. Independent research undertaken recently shows that over the last 10 years only about one third of the LGPS funds added value if we take into account the fees paid to investment managers – I'm pleased to say the Kent Fund under the leadership of James Scholes was one of those which had.

So rather than look to amalgamate Government should be looking at the issue of the under performers.

We have made these comments strongly back to CLG and as yet there are no firm proposals to amalgamate.

We would need to look very carefully at any suggestion from Government as to where we should invest. We should not depart from the core principles of needing liquidity to pay pension payments and maximizing income and capital growth from our investments.

Question 4

Question by Roger Latchford to Paul Carter, Leader of the Council

I am sure the whole Chamber shares my concern following the findings of the Small Airport Report, especially so considering our unanimous support for Manston as an Airport in the July Council

The report concluded that the Leader's remarks in Sep 2014 concerning the support for Messrs Musgrave and Cartner were inconsistent with that July motion and that KCC failed to fulfil its strategic oversight function as the local transport authority in resolving one off, complex cases involving national significant transport assets.

Does the Leader accept that responsibility and at the same time share the Select Committee and this Council's determination to save Manston as an airport if a route can be found?

Answer

I have just published a document which fully answers Mr Latchford's County Council Question, this sets out the history of Manston Airport under private ownership, the story to date and future prospects. Copies have been sent to all County Councillors

I now quote the key points from that report that provide evidence that my remarks and actions were totally consistent:

Paul Carter read extracts from the report which can be found on the website

http://www.kent.gov.uk/__data/assets/pdf_file/0003/29541/Manston-Airport-position-statement.pdf

Question 5

**Question by George Koowaree to
Gary Cooke, Cabinet Member for Corporate and Democratic Services**

This Council has a statutory duty under Section 17 of the Crime and Disorder Act to consider community safety in all its work and up until 2011 was providing staff with a handbook, training and DVD. This was an example of good practice that due to changes in personnel was not continued and following discussion with the Learning and Development Team this is now being converted to an online training module.

Due to ongoing changes in the Council can the Cabinet Member for Corporate and Democratic Services instruct a Learning and Development audit with all directorates to ensure that staff are receiving the training that they require and ensure that the Council is carrying out its statutory duty for the people of Kent?

Answer

The Council takes its responsibility under Section 17 of the Crime & Disorder Act very seriously and I confirm that the handbook and DVD you mention were previously provided electronically and via an induction DVD which was developed in partnership with our Community Safety colleagues.

In order to ensure we continue to meet our statutory requirements, the approach to delivering this is currently under review and will be included as part of the refreshed e-induction offering. This will capture all new appointees and provides an opportunity for all staff to reacquaint themselves with the responsibilities and core principles contained within Section 17.

As well as this, the contents of the section 17 handbook are under revision and will become an e-learning module. This will enable us to monitor uptake and if appropriate make completion of this module mandatory for all staff, as previously agreed for Information Governance.

Work has already commenced on e-induction and will be completed by 1st April. The e-learning module will be part of the current programme of e-learning developments which are being designed this year, of which Section 17 is a priority.

Question 6

Question by Brian Clark to Matthew Balfour, Cabinet Member for Environment and Transport

After the welcome news that the troubled Safe and Sensible Street lighting scheme will be abandoned and all night street lighting re-established in Kent, there followed a complete lack of clarity concerning when residents should expect to see the return of full night lighting.

To draw a line under this confusion, would the newly appointed Cabinet Member for Environment and Transport please provide a detailed statement confirming the position on this important matter. I would ask that his answer to my question includes his reasons for returning to all night lighting, confirms that full public consultation will be required for the change in policy, informs members under what circumstances re-instatement of all night lighting will begin, and when it will be completed.

Answer

The County Council is planning to upgrade and modernise its entire stock of street lights at a cost of £40m, subject to procurement. This involves converting the street light lanterns to LED with Central Management System (CMS). CMS will enable total control of street lighting, including switching on/off, dimming, automatic fault reporting and monitoring energy use, at the flick of a switch, unlike the current labour intensive process of needing to visit each column.

The modernisation of the stock, and implementation of CMS, will deliver significant savings meaning that returning to all-night lighting is both viable and affordable as energy costs will be much reduced and hence the loss of savings thus far will be largely offset. However, lights may be dimmed after peak hours when they are least needed, but the street scene will remain fully visible.

As part of the upgrade we will review the existing street lighting policy and establish the extent of any consultation that may be required.

We have secured £22m of interest-free loan from Salix (an agency of the Department of Environment and Climate Change) and have applied to Department for Transport for grant funding. We are also pursuing funding from the EU. However, the County Council has undertaken to underwrite any funding gap. We are in the process of developing the scheme, and the conversion works will start in late 2015/early 2016. We intend to convert the lights in residential areas first and anticipate that this element of the works will be completed in around twelve months. Exact details will be developed in liaison with the successful contractor and communicated to the community. Main routes and town centres will then follow with the whole scheme being completed in around three years.

A communication strategy is being developed to ensure that Members and the community are provided with regular updates on the progress of the scheme.

Question 7

Question by Martin Vye to Matthew Balfour, Cabinet Member for Environment and Transport

Given the recent well-publicised accident on the Wincheap roundabout in Canterbury, causing serious injuries to a cyclist; and given that KCC is committed to promoting cycling across the city, will the Cabinet Member for Environment and Transport order a rigorous computer-simulation exercise, to determine whether traffic lights, rather than a roundabout, would enhance cyclist safety at this crossing-point?

Answer

KCC has worked closely with CCC to develop a network of cycle routes which are away from main roads and use crossing points where cyclists are separated from heavy traffic. These routes are preferable to providing cycle facilities on heavily trafficked roads.

I agree that the removal of Wincheap roundabout and replacement with traffic signals will undoubtedly provide an easier route through the junction for cyclists. Modelling would be required to determine how efficiently the junction would perform for all road users and at present it is expected that future developers of the Wincheap Retail Estate would fund this modelling, and ultimately would fund the scheme to provide the traffic signals.

At present we have no identified internal budget to undertake either the modelling or the provision of the traffic signals and it is therefore unlikely that this could come forward in advance of a developer.

Question 8

Question by Gordon Cowan to Roger Gough, Cabinet Member for Education and Health Reform

Furness school is a specialist school for high functioning children suffering from Autistic Spectrum Disorder.

There was a consultation launched by the interim Executive Board of Furness school and Kent County Council on a proposal to close the school, that consultation closed yesterday.

There have been a number of reasons why Kent County Council believe they should close Furness Specialist school. The main reason for closure provided is that the schools current deficit of £1.6million accrued in just two years is unsustainable.

I don't know who was responsible for the finances at the school but can the Cabinet Member explain to this Council how this deficit situation was allowed to happen, given the supposedly strong monitoring procedures operated by KCC which should never have allowed it.

Answer

The monitoring process for Furness School was robust and clearly identified the financial issues and risks. However, pupil numbers steadily decreased while the focus on standards and school improvement was designed to increase the school's ability to attract more pupils. This is a delicate balance in a school experiencing difficulties, and in the case of Furness more challenging because of the specialist nature of the provision. KCC attempted to give the school every opportunity to improve its numbers and its financial position. Any earlier attempt to balance the budget in too short a timescale would have placed limitations on the provision for the pupils, who are our first priority. A significant budget reduction would have impacted on the quality of provision and standards for the pupils in a very damaging way. When it became clear the situation was not looking recoverable the decision was made to propose closure.

A number of factors have led to the current financial position for Furness School:

- In April 2013 the Department for Education introduced a new funding system for high needs pupils, attaching a defined amount to each individual pupil. The money is allocated in two ways – a flat “place” element of £10,000 and ‘top up funding’ to reflect the varying needs of individual pupils. The top-up funding for day pupils at this school is on average £16,000 but for the residential pupils the average is nearer £50,000.
- The majority of the budget is based upon pupil roll, so schools with low pupil numbers receive correspondingly low funding settlements. As pupils leave or join the school at various times during the year, the top up funding also changes as it follows individual pupils. This new national funding system for Special schools means the in-year budget position can be extremely volatile. There is a complete disconnect between this new system and schools’ ability to adjust their costs rapidly, as those costs are primarily staffing. Like many other Local Authorities KCC and The Schools Funding Forum lobbied the DfE against these changes, as did Kent Special schools but unfortunately to no avail.
- The decision to place a moratorium on new pupil placements for a year after the school was placed in Special Measures also contributed to the school’s worsening financial position, however the moratorium was adopted as a strategic measure to provide an environment in which standards would be improved and Special Measures removed. This was successful in delivering that aim.
- Redesignation of the school during 2014 to meet the needs of higher functioning ASD pupils was expected to produce an upturn in pupil numbers at the school. However this has not resulted in enough extra pupils being admitted due the exercise of parental preference and there are no indications this will change significantly from September 2015.
- The flexibility KCC had to provide financial support to schools in facing such difficulties was also removed in the 2013 government school funding changes. The staffing costs of any school are the most significant factor of the annual revenue budget and so it is an extremely unfortunate outcome that the necessary retention of

staff, coupled with low pupil numbers and the significant changes in the funding methodology in recent years, has led to the current position.

Regrettably KCC was left with no other option but to propose closure, but is using the consultation process to explore other possibilities to make provision for the pupils and for ASD needs in West Kent.

Question 9

Question by Chris Hoare to Paul Carter, Leader of the Council

Over the last five years our youths and local unemployed in my division has suffered because we are the only county in the country to have removed local labour and training KPIs requirements from our Contractors working on our infrastructure projects on the basis that they were illegal under EU law.

This has opened the door to aggressive tax avoidance scheme by some KCC contractors who use foreign agency labour. Who was the Cabinet Member who authorised the removal of these KPI's requirements?

Answer

Through the Local Government Act 2000, local authorities have had a clear legal basis for incorporating community benefits, including targeted recruitment and training, into public contracts by means of the well-being powers and KCC actively pursues this option. We include KPIs in contracts to ensure this is delivered.

I have no evidence that we are any different to other councils in our approach to this and would be grateful if the member could provide any evidence he has to the contrary.

As an example of the KPIs we include in our contracts the term highway maintenance contract has clauses and performance indicators that require a minimum of 60% of direct labour to be from a Kent post code and currently this is running in excess of 95%. It also requires that 3% of the local workforce are apprentices and this is currently in excess of 4%. The Contract also encourages the use of local SME's wherever possible.

Of course any such provisions do have to have due regard to the EU public procurement regime against discrimination but these are not an obstacle to opening up the supply chain to local SMEs and maximising local employment. In fact the new Public Contracts Regulations 2015 from the EU have significantly relaxed the restrictions on discrimination and now allow greater freedom on the inclusion of Social Value clauses in procurement contracts.

The Council's Commissioning Framework approved by the County Council clearly states under Principle 9, that "We will maximise social value" including "Local Employment", and "Buy Kent First", creating local employment and training opportunities and buying locally where possible to reduce unemployment.

By: Director of Governance and Law

To: County Council – 21 May 2015

Subject: Revised Proportionality Calculations and Committee Membership

Classification: Unrestricted

Summary: Following the recent Romney Marsh by-election, the County Council is invited to agree the revised allocation of committee places between the political groups.

FOR DECISION

Composition of the County Council

1. (1) As a result of the election of Mrs C Waters at the recent Romney Marsh by-election, the composition of the County Council is now as follows:

Political Group	Number of seats	Proportion of seats
Conservative	46	55% (54.76%)
UKIP	16	19% (19.05%)
Labour	13	15% (15.48%)
Liberal Democrat	7	8% (8.33%)
Independents	2	2% (2.38%)
Total	84	100%

Committee Appointments

2. (1) In order to reconstitute the Council's committees in accordance with the committee structure set out in the Constitution, the County Council is invited to agree the revised allocation of committee places between the political groups.

(2) The Local Government and Housing Act 1989 requires committee places to be allocated between the political groups in accordance with the following principles:

- (a) the group with the majority of seats on the Council is allowed to have a majority of seats on each committee;
- (b) subject to (a) above, the number of seats on the total of all committees allocated to any political group must be proportional to the number of seats which that group holds on the Council;
- (c) subject to (a) and (b) above, the number of seats on each committee allocated to any political group must be proportional to the number of seats which that group holds on the Council.

(3) The table set out below shows the **current** committee structure. The figure in brackets shows the proportionality figure to the nearest hundredth of a decimal point that each group **would now be** entitled to if the proportionality principles were to be applied to each committee.

Committee	Conservative	UKIP	Labour	Liberal Democrat	Independents	Total
Scrutiny Committee	(6.02) 6	(2.10) 2	(1.70) 2	(0.92) 1	(0.26) 0	11
Health Overview and Scrutiny Committee	(7.12) 7	(2.48) 3	(2.01) 2	(1.08) 1	(0.31) 0	13
Governance and Audit Committee	(8.21) 8	(2.86) 3	(2.32) 2	(1.25) 1	(0.36) 1	15
Electoral & Boundary Review Committee	(4.93) 5	(1.72) 2	(1.39) 1	(0.75) 1	(0.21) 0	9
Personnel Committee	(4.93) 5	(1.72) 2	(1.39) 1	(0.75) 1	(0.21) 0	9
Planning Applications Committee	(10.41) 10	(3.62) 4	(2.94) 3	(1.58) 1	(0.45) 1	19
Regulation Committee	(9.31) 9	(3.24) 3	(2.63) 4	(1.42) 0	(0.40) 1	17
Selection and Member Services Committee	(4.93) 5	(1.72) 2	(1.39) 1	(0.75) 1	(0.21) 0	9
Corporate Parenting Panel	(4.93) 5	(1.72) 2	(1.39) 1	(0.75) 1	(0.21) 0	9
Superannuation Fund Committee	(4.93) 5	(1.72) 2	(1.39) 1	(0.75) 1	(0.21) 0	9
Kent Flood Risk Management Committee	(3.83) 4	(1.33) 1	(1.09) 1	(0.58) 1	(0.17) 0	7
Standards Committee	(3.83) 4	(1.33) 1	(1.09) 1	(0.58) 1	(0.17) 0	7
TOTAL	73	27	20	11	3	134
Proportionate Share of Total	(73.38) 73	(25.53) 26	(20.74) 21	(11.16) 11	(3.19) 3	134 134
Difference to Proportionate share	0	+1	-1	0	0	0

(4) Following the Romney Marsh By-Election, the Labour Group is entitled to increase its share of the overall number of committee seats by 1 at the expense of the UKIP Group. This may seem surprising, given that the Conservative Group won the seat. The explanation is that the Labour Group was previously (necessarily) under-represented in terms of its overall proportionality entitlement and the Conservative Group was (necessarily) over-represented, due to the need for it to have a majority on each committee. The effect of the by-election result has been to correct that anomaly by enabling

both the UKIP, Labour and Conservative Groups to have exactly the right number of seats overall.

(5) As indicated above, the Labour Group is entitled to one additional seat overall, whilst the UKIP Group has to give one up. This will lead to a repetition of the situation of the Regulation Committee, where Labour has one seat more than UKIP despite having fewer seats overall. It is suggested that the decision as to which committee this revised arrangement is applied to be delegated to the Head of Democratic Services in consultation with the Leaders of the UKIP and Labour Groups.

(6) With the exception of the one change set out above, all the other entitlements to committee places remain unaffected, and all apparent mathematical anomalies have previously been explained to and agreed by the County Council. Likewise, proportionality figures for sub-committees and panels are unaffected by the Romney Marsh by-election result.

Other Authorities, Joint Committees and Partnership Bodies

3. (1) The proportionality principles in the 1989 Act also apply to the appointments which the County Council makes to various other authorities, joint committees and partnership bodies. The entitlement to places on these bodies is unaffected by the Romney Marsh By-Election result.

Recommendations

4. (1) The County Council is invited to:

(a) agree the revised proportionality calculations and confirm that the Labour Group is invited to fill an additional committee place at the expense of the UKIP in accordance with the overall proportionality rules; and

(b) agree that the decision on which Committee the Labour Group gains a seat at the expense of the UKIP Group be delegated to the Head of Democratic Services in consultation with the Leaders of the UKIP and Labour Groups.

Peter Sass
Head of Democratic Services
03000 416647

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By: John Simmonds, Deputy Leader and Cabinet Member for Finance and Procurement
Andy Wood, Corporate Director of Finance & Procurement

To: County Council – 21 May 2015

Subject: Proposed changes to Financial Regulations

Classification: Unrestricted

Summary: This report asks Members to approve the updated Financial Regulations and the introduction of a Delegated Authority Matrix of Approval Limits, as an amendment to the Constitution.

1. Introduction

- 1.1 The Financial Regulations have been reviewed and updated. Whilst there has been no major re-write or change to the format of the regulations, amendments have been made to reflect changes in structures/working practices, to ensure our regulations reflect current best practice and strengthen areas where there were known gaps.
- 1.2 This review has been undertaken as part of a programme of work looking not only at the Financial Regulations but also a Delegated Authority Matrix of Approval Limits and Financial Procedures. The aim is to publish the whole suite of updated financial documentation on KNet with appropriate links between the documents as well as to other relevant procedures/publications, making it easily accessible to all staff.
- 1.3 The revised Financial Regulations and Delegated Authority Matrix of Approval Limits were agreed by the Governance & Audit Committee at their meeting on 29 April 2015 and now need to be approved by the County Council as an amendment to the Constitution.

2. Main Amendments

- 2.1 The process for conducting this review included:
 - Looking at the Constitution to ensure the regulations comply with the Constitution;
 - Addressing concerns/gaps raised by finance staff;
 - Ensuring other relevant procedures/publications are still relevant and available on KNet.

2.2 The main areas of change are:

- Clarification of the role of the Corporate Director of Finance & Procurement in respect of the Kent Pension Fund;
- Expansion and strengthening of the regulations relating to the maintenance of reserves and provisions;
- Updating the regulation relating to external audit requirements to reflect the Local Audit and Accountability Act 2014;
- Strengthening the regulations relating to Companies;
- Update to the delegated authority matrix setting out approval limits;

2.3 The revised Financial Regulations and Delegated Authority Matrix of Approval Limits are shown at Appendix 1 and 2 respectively.

3. **Recommendation**

Members are asked to:

3.1 Consider and approve the updated Financial Regulations and Delegated Authority Matrix of Approval Limits.

Contact details:

Emma Feakins
Chief Accountant
emma.feakins@kent.gov.uk
03000 416082



KENT COUNTY COUNCIL

FINANCIAL REGULATIONS

Amended by the Council: 22 July 2010
23 May 2013

Updated July 2014

The Council's Financial Regulations set the control framework for five key areas of activity:

A. Financial Planning

Covers Performance Planning, Capital Strategy, Treasury Management Strategy, Pension Fund Investment and Administration Strategy, Revenue Strategy, Revenue Budgeting, Capital Programme and Budgeting, Reserves and Key Decisions.

Full Council is responsible for receiving the Medium Term Financial Plans and formally agreeing the annual budget, in line with statutory guidance.

The Corporate Directors are responsible for contributing to the development of these plans, while the Corporate Director of Finance and Procurement is responsible for preparing and presenting them to the Cabinet for consideration.

B. Financial Management

Covers Revenue budget monitoring and control, Virement, Treatment of year-end balances, Capital Budget Monitoring, Accounting Policies, Accounting records and returns, Annual Statement of Accounts, Contingent Liabilities, Financial implications of Reports.

The Corporate Director of Finance and Procurement is responsible for developing, maintaining and monitoring compliance with an effective corporate financial framework. This will encompass detailed financial regulations, professional standards, key controls and good financial information.

The Corporate Directors will operate within this framework, alerting the Corporate Director of Finance and Procurement to any risk of non-compliance.

C. Risk Management and Control of Resources

Covers Risk Management and insurance, Internal Control, Audit requirements, Preventing fraud and corruption, Assets, Treasury Management, Investments and Borrowing, Trust funds and funds held for third parties, Banking, Imprest Accounts, Staffing Costs.

Cabinet and the Governance and Audit Committee are jointly responsible for agreeing the Council's risk management strategy, policy and supporting guidance and for reviewing the effectiveness of risk management within the Council.

The Corporate Director of Finance and Procurement is responsible for monitoring systems for risk management and systems of internal control. This will be monitored through an effective internal audit function.

The Corporate Directors are responsible for establishing sound arrangements within these systems and notifying the Corporate Director Business Strategy and Support of any suspected non-compliance.

D. Systems and Procedures

Covers general processes and procedures, Income, Ordering and Paying for

Works, Goods and Services, Payments to employees and Members, Taxation, trading accounts/business units, Internal Recharges.

The Corporate Director of Finance and Procurement is responsible for the Council's accounting control systems, the financial accounts, supporting information and all financial processes or procedures.

The Corporate Directors are responsible for the proper operation of all systems, processes and procedures. All exceptions to the corporately agreed standards will be agreed with Corporate Director of Finance and Procurement..

E. External Arrangements

Covers Partnerships, External Funding, Work for third parties, Local Authority Companies.

The Corporate Director of Finance and Procurement is responsible for promoting the same high standards of conduct in the financial management of partnerships and companies as within the Council.

The Corporate Directors are responsible for ensuring that the Council's interests are protected in such arrangements and that appropriate advice is taken at all stages.

OVERALL FINANCIAL RESPONSIBILITIES

Introduction

2.1 Financial management covers all financial accountabilities in relation to the running of the Council including the policy framework and budget. It is not possible to draft regulations or rules that cover every eventuality or circumstance. Consequently, the principles of sound financial management, proper exercise of responsibility, and accountability, as set out in Financial Regulations, should be applied in all circumstances, even where any particular circumstance is not specifically referred to.

2.2 **The full Council** is responsible for:

- i. setting the policy framework;
- ii. approving and monitoring compliance with the Council's overall framework of accountability and control as set out in the Constitution;
- iii. directly and through the Scrutiny Committee, for monitoring compliance with agreed policy, including revenue and capital budgets;
- iv. approving procedures for recording and reporting decisions taken. This includes key and other decisions taken or delegated by the Leader and those decisions taken by the Council and its Committees or delegated by them to officers. These delegations and details of who has responsibility for which decisions are set out in the Constitution;
- v. agreeing the annual budget and Council Tax;
- vi. determining and keeping under review how much money the Council can afford to borrow for capital expenditure;
- vii. approving the annual treasury management strategy;
- viii. setting and revising the prudential indicators for capital finance and borrowing;
- ix. approving the policy on Minimum Revenue Provision (MRP) as set out in the annual MRP statement;
- x. setting the limits for virement or other budget changes through the Financial Regulations and decision making procedure rules;
- xi. setting the limits defining key financial decisions;
- xii. determining any expenditure proposed by the Leader or the Cabinet that is outside the limits referred to in v above;
- xiii. Approving the Contracts and Tenders Standing Orders.

2.3 **The Leader** is responsible for:

- i. proposing the Medium Term Financial Plan, Budget, Council Tax and prudential indicators to the Council;
- ii. approving revenue, capital strategies;
- iii. determining which executive functions are exercised by him/herself, the Cabinet collectively, other individual members of the Cabinet or officers;
- iv. ensuring that all executive decisions are taken in accordance with the Council's agreed principles of decision making including due consultation and the taking of professional advice from officers.

2.4 **Individual Cabinet Members** are responsible, within their allocated responsibility area and approved budget for:

- i. taking decisions in accordance with the framework of responsibilities delegated to them from the Leader;
- ii. consulting with the Leader in relation to any proposed decisions as the Leader may direct;

- iii. complying with Financial Regulations in force as agreed by or on behalf of the County Council;
- iv. taking decisions which are otherwise delegated to officers but which are:
 - (a) not in accord with the Policy Framework or budget agreed by the Council or management and business plans within their portfolio;
 - (b) withdrawn from the delegation to Corporate Directors;
- v. taking account of legal and financial liabilities when taking decisions including due consultation with and the taking of advice from officers;
- vi. processing decisions in accordance with the decision making and reporting framework set out in the Constitution.

2.5 **The Scrutiny Committee Suite** is responsible for reviewing or scrutinising decisions made , or other action taken, in connection with the discharge of any executive or non-executive functions as defined in the Terms of Reference in Appendix 2 Part 2 of the Constitution. It is also responsible for co-ordinating the Council's Select Committee programme.

2.6 **The Governance and Audit Committee** is responsible for ensuring that:

- i. Risk Management and Internal Control systems are in place that are adequate for purpose and effectively and efficiently operated.
- ii. the Council's Corporate Governance framework meets recommended practice, is embedded across the whole Council and is operating throughout the year with no significant lapses.
- iii. the Council's Internal Audit function is independent of the activities it audits, is effective, has sufficient experience and expertise and the scope of work to be carried out is appropriate.
- iv. The appointment and remuneration of External Auditors is approved in accordance with relevant legislation and guidance, and the function is independent and objective.
- v. The External Audit process is effective, taking into account relevant professional and regulatory requirements, and is undertaken in liaison with Internal Audit.
- vi. The Council's financial statements (including the Pension Fund Accounts) comply with relevant legislation and guidance and the associated financial reporting processes are effective.
- vii. Any public statements in relation to the Council's financial performance are accurate and the financial judgements contained within those statements are sound.
- viii. Accounting policies are appropriately applied across the Council.
- ix. The Council has a robust counter-fraud culture backed by well designed and implemented controls and procedures which define the roles of management and Internal Audit.
- x. The Council monitors the implementation of the Bribery Act policy to ensure that it is followed at all times.

2.7 **The Director of Governance and Law, as the Monitoring Officer**, is responsible for:

- i. after consulting with the Head of Paid Service and the Corporate Director of Finance and Procurement, reporting to the full Council (or to the Leader or Cabinet in relation to an executive function) if he/she considers that any proposal, decision or omission would give, is likely to give, or has given, rise to a contravention of any enactment or rule of law, or any maladministration or

- injustice. Such a report has the effect of stopping the proposal or decision being implemented until the report has been considered;
- ii. ensuring that records of executive decisions, including the reasons for those decisions and relevant officer reports and background papers, are made publicly available;
 - iii. advising whether decisions of the executive are in accordance with the Budget and Policy Framework. Actions that may be 'contrary to the Budget' include:
 - initiating a new policy for which no budget exists;
 - committing expenditure in future years above the approved budgeted level;
 - Effecting intra- and inter-portfolio transfers above virement limits;
 - causing the total expenditure financed from council tax, grants and corporately held reserves to increase beyond that provided for in the approved budget;
 - iv. providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all Members.

2.8 The Head of Paid Service is responsible for:

- i. overall corporate management and operational responsibility (including overall management responsibility for all staff);
- ii. the provision of professional advice to all parties in the decision making process (the executive, scrutiny, full council and other committees);
- iii. together with the Monitoring Officer, a system of record keeping for all the local authority's decisions (executive or otherwise);
- iv. reporting to the Council on the manner in which the discharge by the authority of its functions is co-ordinated;
- v. arrangements for internal control and the inclusion of the Annual Governance Statement in the annual accounts.

2.9 The Corporate Director of Finance and Procurement, as the Chief Financial Officer, has statutory duties in relation to the financial administration and stewardship of the authority. These statutory responsibilities cannot be overridden. The statutory duties arise from:

- i. Section 151 of the Local Government Act 1972
- ii. Local Government Finance Act 1988
- iii. The Local Government and Housing Act 1989
- iv. The Local Government Acts 2000 and 2003
- v. The Accounts and Audit Regulations 2011
- vi. The Local Government Pension Scheme (Administration) Regulations 2008
- vii. The Local Government Pension Scheme Regulations (Management and Investment of Funds) 2009
- viii. The Local Government Pension Scheme Regulations 2013
- ix. The Local Authorities Goods and Services Acts 1970 and 1988.

2.10 The Corporate Director of Finance and Procurement is responsible for:

- i. after consulting with the Head of Paid Service and the Monitoring Officer, reporting to the full Council (or to the Leader or Cabinet in relation to an Executive function) and the Council's external auditor if he/she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency, or if the Council is about to enter an item of account unlawfully;

- ii. the proper administration of the financial affairs of the Council;
- iii. maintaining an adequate and effective system of internal audit;
- iv. contributing to the corporate management of the Council, in particular through the provision of professional financial advice;
- v. providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all Members and supporting and advising Members and officers in their respective roles;
- vi. providing financial information about the Council to Members, the media, members of the public and the community.

2.11 And in particular is responsible for:

- i. setting financial management standards, including financial procedures, and monitoring their compliance;
- ii. advising on the corporate financial position and on the key financial controls necessary to secure sound financial and risk management;
- iii. providing financial information to support the proper financial planning of the authority, to inform policy development, and to assist Members and officers in undertaking their financial responsibilities;
- iv. preparing the revenue budget, and reporting to the Council, when considering the budget and Council Tax, on the robustness of the estimates and the adequacy of reserves;
- v. monitoring income and expenditure against the budget and taking action if overspends of expenditure or shortfalls in income emerge;
- vi. preparing the capital programme and ensuring effective forward planning and sound financial management in its compilation;
- vii. producing prudential indicators, reporting them to the Leader and the Council for consideration and establishing procedures to monitor and report on performance in relation to these indicators;
- viii. treasury management, the management of the Council's banking arrangements and monitoring the Council's cashflow;
- ix. issuing advice and guidance to underpin the Financial Regulations that Members, officers and others acting on behalf of the Council are required to follow;
- x. ensuring that effective arrangements are in place for payments of creditors, income collection, administration of pensions, risk management and insurances and the production of financial management information;
- xi. ensuring that any partnership arrangements (or other innovative structures for service delivery) are underpinned by clear and well documented internal financial controls;
- xii. advising on anti-fraud and anti-corruption strategies and measures;
- xiii. contributing to cross-authority issues and to the development of the Council;
- xiv. ensuring that statutory and other accounts and associated claims and returns in respect of grants are prepared;
- xv. ensuring that due consideration is given to the Council's wellbeing, correct financial management and security of the Council's assets when establishing a company or partnership arrangement; **LINK**
- xvi. ensuring that the MRP calculation is prudent;
- xvii. taking ownership of the Council's corporate financial system;
- xviii. supporting the Superannuation Fund Committee in relation to the control and investment of the Kent Pension Fund. **LINK**

2.12 The, Corporate Director of Finance and Procurement in accordance with Section 114 of the 1988 Act will nominate a properly qualified member of staff to deputise for him / her as Chief Financial Officer should he/she be unable to personally perform the duties under Section 114.

2.13 **The Corporate Directors** are responsible for:

- i. ensuring that the Leader or relevant Cabinet Member is advised of the financial implications and other significant risks of all proposals for the changes in services or the development of new services and that the financial implications have been agreed by the Corporate Director of Finance and Procurement;
- ii. the signing of contracts on behalf of the Council provided that the expenditure to be incurred has the necessary budgetary approval. Further guidance regarding persons authorised to sign contracts on behalf of the Council can be found in the relevant directorate's Scheme of Financial Delegation;
- iii. promoting the financial management standards set by the Corporate Director of Finance and Procurement in their Directorates and to monitor adherence to standards and practices, liaising as necessary with the Corporate Director of Finance and Procurement;
- iv. promoting sound financial practices in relation to standards, performance and development of staff in their Directorates;
- v. consulting with the Corporate Director of Finance and Procurement and seeking his/her approval regarding any matters which are liable to affect the Council's finances materially, before any commitments are incurred;
- vi. ensuring that all staff in their Directorates are aware of the existence and content of the Council's Financial Regulations and any related procedures and other internal regulatory documents appertaining to or amplifying them and that they comply with them. They must also ensure that all of these documents are readily available for reference within their Directorates;
- vii. managing service delivery within the agreed revenue and capital budgets and other relevant strategies and plans;
- viii. developing performance, corporate and service targets and contributing to the Medium Term Financial Plan;
- ix. ensuring that budget estimates reflecting agreed service plans are prepared, and that these are prepared in line with issued guidance;
- x. ensuring that financial management arrangements and practice are agreed with the Corporate Director of Finance and Procurement, are legal and consistent with best practice and Council policy;
- xi. consulting with the Corporate Director of Finance and Procurement on the financial implications of matters relating to policy development;
- xii. putting in place a scheme of financial delegation setting out arrangements for the discharge of the Head of Paid Services and Corporate Directors responsibilities contained within Financial Regulations;
- xiii. arrangements for internal control and for inclusion in the annual accounts of the statement of internal control;
- xiv. ensuring that the Bribery Act Policy is implemented, promoted and complied with.

Personal Responsibilities

- 2.14 Any person concerned with the use or care of the County Council's resources or assets should ensure they are fully conversant with the requirements of these Financial Regulations. All staff should notify their line manager immediately of any suspected fraud, theft, irregularity or improper use of or misappropriation of the authority's property or resources. Concerns may also be raised via the Whistleblowing Procedure. **LINK**
- 2.15 The Financial Regulations are a KCC policy and failure or refusal to follow the regulations along with the procedures/protocols identified in this document can be seen as misconduct as set out in the Blue Book.

FINANCIAL REGULATION A – FINANCIAL PLANNING

Introduction

- A.1 The full Council is responsible for agreeing the Budget, which will be proposed by the Leader. In terms of financial planning, the key elements are:
- i. the Medium Term Financial Plan
 - ii. A commissioning framework for Kent County Council: Delivering better outcomes for Kent residents through improved commissioning
 - iii. Supporting Independence & Opportunity: Corporate Outcomes Framework 2015-2019
 - iv. Public Service Agreement
 - v. Annual Performance Plans
 - vi. the Revenue Strategy and Budget
 - vii. the Capital Strategy and Programme
 - viii. the Treasury Management Strategy
 - ix. the Risk Management Strategy

Medium term budget and financial strategy

- A.2 The Corporate Directors are responsible for ensuring that Revenue, Capital and Treasury strategies on a three year basis are prepared for consideration by the Cabinet and for ensuring that such strategies are consistent with other plans and strategies.
- A.3 The Leader will publish to all Council Members each year a review of the issues relating to the Medium Term Financial Plan.

Performance Planning

- A.4 The Corporate Director of Finance and Procurement is responsible for:
- i. advising and assisting Directorates in producing the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables;
 - ii. the production of corporate guidance on the development of unit cost indicators and cost effectiveness measures;
 - iii. contributing, in collaboration with the Corporate Directors, to the development of corporate and service targets and objectives and performance information;
 - iv. assisting in building priorities identified within performance plans into corporate and Directorate budgets to enable delivery.
- A.5 The Corporate Directors are responsible for:
- i. contributing to the development of performance plans in line with the Council's requirements;
 - ii. contributing to the development of corporate and service targets and objectives and performance information;
 - iii. ensuring that Directorate service plans are clearly aligned with budgets, to enable the delivery of service priorities;
 - iv. ensuring that targets identified within performance plans are built into local work programmes and targets for management and service delivery staff.

The Kent Pension Fund

- A.6 The Corporate Director of Finance and Procurement is responsible, in accordance with the Local Government Pension Scheme regulations, for ensuring the proper administration of the financial affairs of the Fund and:
- i. having taken appropriate professional advice, for preparing and submitting to the Superannuation Fund Committee; regular reviews of investment strategy, monitoring of investment managers, arrangements for admitted employers and reporting on the pensions administration service;
 - ii. the preparation and publication of the Pension Fund's annual report and accounts.

Revenue budgeting

Budget format

- A.7 The general format of the Budget will be proposed to the Leader by Corporate Director of Finance and Procurement. The draft Budget should include allocations to different services and projects, proposed sources of funding, proposed taxation levels and contingency funds.
- A.8 Guidelines on budget preparation are issued to Cabinet Members, Corporate Directors by the Leader on the recommendation of the Corporate Director of Finance and Procurement. The guidelines will take account of:
- i. legal requirements
 - ii. the Medium Term Financial Plan
 - iii. A commissioning framework for Kent County Council: Delivering better outcomes for Kent residents through improved commissioning
 - iv. Supporting Independence & Opportunity: Corporate Outcomes Framework 2015-2019
 - v. Public Service Agreement
 - vi. available resources
 - vii. spending pressures
 - viii. relevant Government guidelines
 - ix. other internal policy documents
 - x. cross cutting issues (where relevant).

Budget preparation

- A.9 The Leader is responsible for developing and proposing to the County Council the general content of the revenue budget in consultation with the Corporate Director of Finance and Procurement.
- A.10 Budgets will be presented in both a Service Analysis and Directorate format. The Directorate format will align with the structure of the Council.
- A.11 The Head of Paid Services and the Corporate Director of Finance and Procurement are responsible for ensuring that a revenue budget is prepared on an annual basis for consideration by the Leader and Cabinet before submission to the Full Council, in accordance with the Budget Procedure Rules, as set out in the Constitution.

- A.12 The Corporate Director of Finance and Procurement is responsible for:
- i. ensuring that a process is in place to identify potential pressures on the budget;
 - ii. reporting to the Full Council, when the Budget and Council Tax is considered, on the robustness of the estimates and the adequacy of reserves provided for.

A.13 The Corporate Directors are responsible for ensuring that budget estimates reflect agreed service plans, are submitted to the relevant Cabinet Member and the Leader and that these estimates are realistic and prepared in line with guidance issued by the Leader.

Resource allocation

A.14 The Leader in consultation with the Corporate Director of Finance and Procurement is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Council's Policy Framework.

Budget Amendment

A.15 Approved revenue budgets may be amended during a financial year in accordance with the virement regulations in B6-B9.

A.16 The Corporate Directors may make changes to revenue budgets resulting from additional grant or other external income receivable during a financial year. Such changes must be notified to the Corporate Director of Finance and Procurement.

A.17 The Corporate Directors may make technical adjustments to revenue budgets during a financial year resulting from changes to grant rules or realignment of resources to approved business plans. Such changes must be notified to the Corporate Director of Finance and Procurement.

Capital Programme and capital budgeting

A.18 The Leader is responsible for developing and proposing the capital programme to the County Council in consultation with the Corporate Director of Finance and Procurement.

A.19 The Head of Paid Service and Corporate Director of Finance and Procurement are responsible for ensuring that a medium term capital programme and financing plan is prepared on an annual basis for consideration by the Leader before submission to the Full Council in accordance with the budget procedure rules as set out in the Constitution.

A.20 The Corporate Director of Finance and Procurement is responsible for advising on prudential indicators required to be set in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities and for ensuring that all matters required to be taken into account in setting prudential indicators are reported to the Leader and the Council.

A.21 The Corporate Director of Finance and Procurement is responsible for:

- i. setting up procedures under which capital expenditure proposals are evaluated and appraised to ensure that value for money is being achieved, are consistent with service and asset management objectives and are achievable;

- ii. setting up procedures for corporate monitoring of external sources of capital funding;
- iii. ensuring that expenditure treated as capital expenditure by the County Council is in accordance with best accounting practice.

A.22 The Corporate Directors are responsible for:

- i. ensuring that capital proposals reflect agreed service plans, are prepared in line with guidance issued, are realistic, that necessary business case development and option appraisals have been carried out and any risks identified. Any impact of capital expenditure proposals on service running costs must be identified and included in revenue budget estimates or forecasts;
- ii. consulting with the Corporate Director of Finance and Procurement the relevant Cabinet Member and the Deputy Leader and Cabinet Member for Finance and Procurement where it is proposed to bid for funding from external sources to support capital expenditure;
ensuring that the Capital Process and Procedures are followed. [LINK](#) to Management guide to capital expenditure. This includes ensuring that projects only proceed when they have received the necessary Project Advisory Group (PAG) approval and confirmation that any external funding is secured. For schemes and headings where the total cost is estimated to be £1m or more, or the scheme is reliant on level of borrowing or capital receipt funding this consent must be obtained from the Leader following procedures issued by the Corporate Director of Finance and Procurement. The Leader may take the decision himself/herself or specifically delegate the decision to Cabinet or the relevant Cabinet Member. For schemes where the total cost is estimated to be less than £1m, and require no capital receipt or borrowing, consent must be obtained from the relevant Cabinet Member.
- iii. ensuring that any new capital expenditure proposals which would require an increment to the total three year capital programme in order to proceed, regardless of funding, are agreed with the Corporate Director of Finance and Procurement and are submitted to the Leader for consideration via the PAG process;
- iv. ensuring that, in addition to the PAG process, appropriate approval is sought where relevant from the Leader, the Cabinet or an authorised Cabinet Member in accordance with the Constitution.

By way of clarification, PAG is an advisory group that oversees the capital programme and keeps track of current spending and cash flows. PAG does not replace the process for obtaining formal authority for a project and this is still needed.

*Before a project can proceed, formal authority needs to have been obtained either through an explicitly approved budget in the Budget Book or business plan or through an explicit approval obtained by following the decision making procedures set out in the Council's Constitution and the Code of Practice for Contracts and Tenders (as detailed in Spending the Council's Money). **LINK** This applies even if PAG has already approved the proposed spending on the project.*

- vi. carrying out post completion evaluation of projects as required, in order to review performance in implementation of the project against budget and project plans and to evaluate performance of the project in the delivery of expected outcomes.

Maintenance of reserves & provisions

A.23 The Corporate Director of Finance and Procurement is responsible for:

- i. advising the Leader and the Council on prudent levels of reserves for the Authority when the annual budget is being considered having regard to assessment of the financial risks facing the Authority;
- ii. ensuring that reserves are not only adequate but also necessary;
- iii. ensuring that there are clear protocols for the establishment and use of each earmarked reserve. Reserves should not be held without a clear purpose or without a planned profile of spend and contributions, procedures for the reserves managements and control, and a process and timescale for review of the reserve to ensure continuing relevance and adequacy;
- iv. ensuring that all renewals reserves are supported by a plan of budgeted contributions, based on an asset renewal plan that links to the fixed asset register;
- v. ensuring that no money is transferred into reserves after 31st December each financial year without prior agreement.

A.24 The Corporate Director of Finance and Procurement is responsible for ensuring that provisions are set up for any liabilities of uncertain timing or amount that have been incurred and are required to be recognised when:

- i. the Council has a present obligation (legal or constructive) as a result of a past event
- ii. it is probable that a transfer of economic benefits will be required to settle the obligation, and
- iii. a reliable estimate can be made of the amount of the obligation.
- iv. If the Council does not yet have an obligation / or expects to have a future obligation as a result of something that has not yet happened, then either a reserve should be set up and the regulations in A.23 above apply or a contingent liability should be set up and the regulations in A.25 below apply.

A.25 The Corporate Director of Finance and Procurement is responsible for ensuring that contingent liabilities are noted in the accounts for probable liabilities where a reliable estimate cannot be made and are recognised when:

- i. the Council has a present obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- ii. the Council has a present obligation that arises from past events but is not recognised because:
 - a. it is not probable that a transfer of economic benefits will be required to settle the obligation, or
 - b. the amount of obligation cannot be measured with sufficient reliability.
- iii. If it becomes probable that a transfer of economic benefits will be required to settle the obligation then the regulations set out in A.24 will apply.

Key decisions

- A.26 Cabinet Members are responsible, within their allocated responsibility area and approved budget, for taking decisions as agreed by the Leader of the County Council.
- A.27 All decisions must be processed in accordance with the decision making and reporting framework set out in the Constitution and in taking decisions Cabinet Members must comply with the County Council's Financial Regulations.

FINANCIAL REGULATION B - FINANCIAL MANAGEMENT

Introduction

- B.1 The Corporate Director of Finance and Procurement is responsible for:
- i. ensuring that a prudential financial framework is in place and effective systems of financial administration are operating within the Council;
 - ii. maintaining and updating financial regulations and the management of a process for monitoring compliance with them;
 - iii. ensuring proper professional practices are adhered to and acting as head of profession in relation to the standards, performance and development of finance staff throughout the Council;
 - iv. advising on the key strategic controls necessary to secure sound financial management;
 - v. ensuring that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators;
 - vi. ensuring that Internal Audit carry out the necessary probity and system checks required to verify that proper Financial Management Standards are maintained.

Revenue Budget Monitoring and Control

- B.2 The Corporate Director of Finance and Procurement is responsible for:
- i. providing appropriate financial information to enable budgets to be monitored effectively;
 - ii. monitoring and controlling overall expenditure against budget allocations and publishing a report to the Cabinet on the overall position on a regular basis, drawing attention to overspends, shortfalls in income and underspends including reference to proposed action to deal with any problems.
- B.3 It is the responsibility of the Corporate Directors to:
- i. control income and expenditure within their area and to monitor performance, taking account of financial information and activity data relating to the services they provide;
 - ii. have a robust system in place for monitoring activity levels which drive major budget headings (over £10m);
 - iii. report to the Corporate Director of Finance and Procurement and to the relevant Cabinet Member on variances within their own areas;
 - iv. ensure that spending remains within the service's overall cash limit, by monitoring the budget headings and taking appropriate corrective action where variations from the approved budget are forecast, alerting the Corporate Director of Finance and Procurement and Cabinet Member to any problems;
 - v. ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Corporate Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure;
 - vi. ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively;
 - vii. ensure prior approval by the Leader and the relevant Cabinet Member and notification to the Scrutiny Committee of new proposals, which fulfil one or more of the following criteria:

- a. create financial commitments in future years in excess of existing budgets
 - b. change existing policies, initiate new policies or cease existing policies
 - c. materially extend or reduce the Council's services
 - d. exceed the limit defined by the Council as a key financial decision
 - e. exceed any limit set by the Leader as requiring reference to him or a Cabinet Member
 - f. any such proposals under this regulation shall not have approval to proceed until necessary financial provision is available within approved budgets
- viii. ensure compliance with the scheme of virement as set out in paragraph B6 below.

Financial Implications of Reports

- B.4 The Corporate Director of Finance and Procurement is responsible for:
- i. monitoring the quality of the financial implications information included in reports by the Corporate Directors;
 - ii. providing financial implications where there are corporate implications and especially when corporate resources (revenue or capital) are required.
- B.5 The Corporate Directors are responsible for:
- i. ensuring that financial implications in either the current or future years are identified within Directorates for all relevant reports and that such financial implications are agreed by or on behalf of the nominated responsible professional finance officer (Section 151 Officer or Finance Business Partner)
 - ii. where reports impact on other Directorates or have implications for corporate resources, ensuring that the report includes the impacts or implications for all Directorates affected and that a copy of the report is submitted to the Corporate Director of Finance and Procurement or nominated representative for clearance;
 - iii. ensuring in all relevant circumstances, that financial implications referred to in reports are reflected in current budgetary provisions or the medium term financial plan.

Virement

- B.6 Transfers between revenue budget headings can take place as follows provided that they do not involve new policy or policy change and do not involve an increasing commitment in future years that cannot be contained within existing approved budget allocations. If these transfers do not change the purpose for which the funding was approved then these will be considered technical adjustments and not virements. If a change to the purpose of the funding is required so that funding will be used for a purpose different to that for which it was approved, then a virement is required. Once again this must not involve an increasing commitment in future years that cannot be contained within existing approved budgets. Virements must be approved as follows:

a. Virement within a Portfolio:

Less than £200,000	the Head of Paid Service or relevant Corporate Director in agreement with the appropriate Cabinet Member and the Corporate Director of Finance and Procurement.
From £200,000 up to (but not including) £1m	the relevant Cabinet Member in agreement with the Deputy Leader and Cabinet Member for Finance and Procurement, Corporate Director and Corporate Director of Finance and Procurement.
£1m and above	The Leader or Cabinet

b. Virement between portfolios:

Less than £200,000	the Head of Paid Service or relevant Corporate Directors in agreement with the appropriate Cabinet Members and the Corporate Director of Finance and Procurement.
From £200,000 up to (but not including) £1m	the relevant Cabinet Members in agreement with the Deputy Leader and Cabinet Member for Finance and Procurement, relevant Corporate Directors and Corporate Director of Finance and Procurement.
£1m and above	The Leader or Cabinet

B.7 Transfers involving a new policy or a change in an existing policy require prior approval by the Leader and Cabinet Member and notification to the Scrutiny Committee in accordance with regulation B3(vi) above.

B.8 For the purpose of the amounts referred to in regulation B6, where transfers are a single transaction they must be effected as such and must not be effected as two or more smaller transactions.

B.9 Virement limits are cumulative, therefore when transferring budget from a heading, all previous virements from this heading must be taken into account when deciding the level of approval required, ensuring the highest level of approval has been/ will be sought.

B.10 Where an approved budget is a lump sum budget or a contingency intended for allocation during the year, its allocation will not be treated as virement, provided that the amount has been used in accordance with the purposes for which it was established and the Corporate Director of Finance and Procurement has agreed the basis and the terms, including financial limits, on which it will be allocated.

B.11 The Corporate Director of Finance and Procurement is responsible for monitoring and recording virements agreed and reporting to the Cabinet on the impact on revenue budgets.

Treatment of year-end balances

B.12 Cabinet is responsible for agreeing the detail of any annual roll forward of under and overspending on budgets.

Capital Budget Monitoring

B.13 The Corporate Director of Finance and Procurement is responsible for preparing and submitting reports on the Council's projected capital expenditure and resources compared with the budget on a regular basis.

B.14 The Corporate Director of Finance and Procurement is responsible for establishing procedures to monitor and report on performance compared to the prudential indicators set by the Council.

B.15 The Corporate Directors are responsible for:

- i. preparing regular reports reviewing the capital programme provisions for their services;
- ii. preparing regular returns of estimated final costs of schemes in the approved capital programme for submission to the Corporate Director of Finance and Procurement for inclusion in the report to Cabinet on the overall Capital programme position;
- iii. reporting to the Corporate Director of Finance and Procurement circumstances when it is considered that additional County Council capital resources will be required to implement a project that has previously been given approval to spend, where such additional resources cannot be identified from within the Portfolio programme concerned;
- iv. reporting to the Corporate Director of Finance and Procurement on any proposed variations to the Capital Programme during a financial year;
- v. reporting to the Corporate Director of Finance and Procurement on any proposed additions to the Capital Programme resulting from the receipt of additional grant or other external funding. If this relates to an entirely new scheme then it must be considered by PAG and approved by the relevant Cabinet Member.
- vi. Reporting the completion dates on major projects, over £1m.

B.16 Resources may be vired from one capital project or heading as follows provided that such transfers do not result in an overall increased commitment of capital resources and do not involve new policy or policy changes:-

Less than £50,000	the Head of Paid Service or relevant Corporate Director(s)
From £50,000 up to (but not including) £200,000	the relevant Corporate Director(s) in agreement with the relevant Cabinet Member(s) and the Corporate Director of Finance and Procurement
£200,000 up to (but not including) £1m	the relevant Cabinet Member(s) in agreement with the Deputy Leader and Cabinet Member for Finance and Procurement, Corporate Director(s) and Corporate Director of Finance and Procurement
£1m and above	the Leader or Cabinet

Virement limits are cumulative, please refer to B9 for explanation

For the purpose of the amounts above, where transfers are a single transaction they must be effected as such and not effected as two or more smaller transactions.

Accounting policies

B.17 The Corporate Director of Finance and Procurement is responsible for selecting and notifying to the Corporate Directors accounting policies which comply with the current Accounting Code(s) of Practice, ensuring that such policies are applied consistently, and for ensuring that effective systems of internal control are in place that ensure that financial transactions are lawful.

B.18 The Corporate Directors are responsible for adhering to the accounting policies notified by the Corporate Director of Finance and Procurement.

Accounting records and returns

B.19 The Corporate Director of Finance and Procurement is responsible for:

- i. determining the accounting records for the Authority including the Kent Pension Fund, its form of accounts and supporting accounting records;
- ii. ensuring that accounting records are maintained in accordance with proper practices and legislative requirements;
- iii. establishing arrangements for the compilation of all accounts and accounting records whether within the Finance Group or within other Directorates.

B.20 The Corporate Directors are responsible for:

- i. consulting with the Corporate Director of Finance and Procurement on the accounting procedures and records to be utilised within their Directorate;
- ii. ensuring the proper retention of accounting records in accordance with the requirements established by the Corporate Director of Finance and Procurement, including the retention of prime financial documents i.e. invoices, delivery notes and purchase orders for the year they relate to plus a further 6 years. Invoices paid for by EU Grants must be identified and kept for 12 years; **LINK**
- iii. ensuring that all claims for funds including grants are made by the due date, are recorded in the central register, and in line with the 'corporate grant procedure'; **LINK**
- iv. maintaining adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements;
- v. providing information required for, or to ensure completion of, all statutory and other financial returns by the due dates;
- vi. complying with any compliance testing which the Corporate Director of Finance and Procurement requires in relation to the Directorate accounts;
- vii. operating control accounts as agreed by the Corporate Director of Finance and Procurement, ensuring that these are regularly reconciled, and cleared as part of the regular monitoring procedures.

The annual statement of accounts

B.21 The Governance and Audit Committee is responsible for approving the annual statement of accounts of the Authority and the Pension Fund on behalf of the Council.

B.22 The Corporate Director of Finance and Procurement is responsible for:

- i. ensuring that the annual statement of accounts is prepared by the required statutory date in accordance with the Code of Practice on Local Authority

- Accounting in the United Kingdom: Based on International Financial Reporting Standards for the relevant year and that the accounts present a true and fair view of the financial position of the Council and its expenditure and income;
- ii. liaising with External Audit on the completion of the Statement of Accounts and the arrangements for the audit of these;
 - iii. ensuring that adequate documentation is available to support the Statement of Accounts. This will include copies of grant claims, reconciliations with financial ledgers and other records, and other working papers to demonstrate the derivation of data used;
 - iv. the preparation of the Pension Fund's Statement of Accounts in accordance with practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

B.23 The Corporate Directors are responsible for:

- i. complying with accounting guidance agreed with the Corporate Director of Finance and Procurement;
- ii. supplying the Corporate Director of Finance and Procurement with information required to complete the Statement of Accounts;
- iii. producing the documentation required to support the Statement of Accounts;
- iv. ensuring that the Closedown Pack – Guidance for Managers is completed in accordance with the annual timetable agreed with the Corporate Director of Finance and Procurement.

Contingent Liabilities

B.24 The Corporate Director of Finance and Procurement is responsible for:

- i. reviewing at least annually in consultation with Corporate Directors the existing contingent liabilities for inclusion as a note in the statement of accounts, to ensure they are still contingent and to ensure that adequate reserves exist to cover the potential liability if necessary;
- ii. taking steps wherever possible, in consultation with the Corporate Directors, to minimise the risk of contingent liabilities.

B.25 The Corporate Directors are responsible for:

- i. setting up procedures and processes to minimise the risk of creating contingent liabilities;
- ii. reviewing at least annually their service areas for contingent liabilities;
- iii. informing the Corporate Director of Finance and Procurement of any new contingent liabilities and of any changes in the circumstances of existing contingent liabilities.

FINANCIAL REGULATION C – RISK MANAGEMENT AND CONTROL OF RESOURCES

Introduction

C.1 It is essential that robust systems are developed and maintained for identifying and evaluating all significant strategic, operational and financial risks to the Authority on an integrated basis. This should include the proactive participation of all those associated with planning and delivering services.

Risk management and insurance

C.2 The Cabinet and the Governance and Audit Committee are jointly responsible for approving the Council's Risk Management Strategy, Policy and guidance and for reviewing the effectiveness of risk management.

C.3 The Corporate Director Strategic and Corporate Services is responsible for preparing the Authority's Risk Management Strategy and Policy and for promoting it throughout the Council. The Corporate Director of Finance and Procurement is responsible for:

- i. advising the Leader, Deputy Leader and Cabinet Member for Finance and Procurement and Cabinet on proper insurance cover where appropriate;
- ii. effecting, in consultation with the Deputy Leader and Cabinet Member for Finance and Procurement, corporate insurance cover, through external insurance and internal funding;
- iii. establishing arrangements for the handling of all insurance claims, in consultation with other officers where necessary;
- iv. undertaking a review of requirements to support the annual renewal of insurance contracts;
- v. ensuring that internal insurance provisions are adequate to meet anticipated claims.

C.4 The Corporate Directors are responsible for:

- i. the identification and management of risk within their Directorate and for having in place monitoring processes for reviewing regularly the effectiveness of risk management arrangements.
- ii. complying with procedures agreed regarding the instigation, renewal, maintenance and amendment of the Council's insurance arrangements.

Internal control

C.5 The Corporate Director of Finance and Procurement is responsible for:

- i. monitoring the systems for risk management and systems of internal control. This will be monitored through an effective internal audit function.
- ii. reviewing systems of internal control at least annually and providing an opinion on internal control within the Council in order to advise the Head of Paid Service on an Annual Governance Statement to be included in the Statement of Accounts.

C.6 The Corporate Directors are responsible for:

- i. establishing sound arrangements for planning, appraising, authorising, monitoring and controlling their operations in order to achieve continuous

- improvement, economy, efficiency and effectiveness and for achieving their financial performance targets;
- ii. promoting compliance with Council Policy, Standing Orders, Financial Regulations, Codes of Conduct and any statutory requirements;
- iii. promoting an overall effective internal control system. Managerial Control Systems, including appropriate organisation structures, personnel arrangements and supervision, as well as Financial and Operational Control Systems and procedures, including physical safeguards of assets, segregation of duties, authorisation and approval procedures and information systems, should be documented and regularly reviewed;
- iv. providing assurances for the annual governance statement, that financial and operational control processes are in place to enable Directorates to achieve their objectives and manage significant risks.

Audit requirements

C.7 The Accounts and Audit Regulations 2011 require every local authority to maintain an adequate and effective internal audit of its accounting records and its system of internal control.

C.8 The Local Audit and Accountability Act 2014 (the Act) abolished the Audit Commission and requires relevant authorities to appoint their own local (external) auditors on the advice of an auditor panel. As an interim measure national 5-year contracts were awarded that expire in 2016, the requirement to appoint will apply once those contracts end and to meet the Act's deadline local auditors will need to be appointed by 31st December 2016. The code of audit practice and guidance for local audit are governed by section 5 of the Act.

C.9 The Council may, from time to time, be subject to inspection or investigation by external bodies such as H.M. Revenue and Customs who have statutory rights of access.

C.10 The Corporate Director of Finance and Procurement is responsible for:

- i. ensuring an effective internal audit function, through adequate resourcing and coverage properly planned and determined through assessment of risk and consultation with management;
- ii. ensuring that effective procedures are in place to investigate promptly any fraud or irregularity;
- iii. ensuring that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work;
- iv. ensuring there is effective liaison between external and internal audit;
- v. ensuring that when information is requested in connection with inspections, audits, reviews and investigations the information requested is provided as soon as reasonably practicable and in any event within fourteen days of the request being made.

C.11 The Corporate Directors are responsible for:

- i. notifying the Head of Internal Audit immediately of any suspected fraud, theft, irregularity or improper use of or misappropriation of the Council's property or resources. Pending investigation and reporting, all necessary steps should be

- taken to prevent further loss and to secure records and documentation against removal or alteration;
- ii. ensuring that internal and external audit are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work;
 - iii. ensuring that all records and systems are up to date and available for inspection;
 - iv. ensuring that when information is requested in connection with inspections, audits, reviews and investigations the information requested is provided as soon as reasonably practicable and in any event within fourteen days of the request being made.

Preventing fraud and corruption

C.12 The Corporate Director of Finance and Procurement is responsible for developing, reviewing and maintaining an Anti Fraud and Corruption Strategy and for advising on effective systems of internal control to prevent, detect and pursue fraud and corruption. **LINK**

C.13 The Corporate Directors are responsible for ensuring compliance with the Anti fraud and Corruption Strategy and with systems of internal control to prevent, detect and pursue fraud and corruption.

Assets

Security of Assets

C.14 The Corporate Director of Finance and Procurement is responsible for ensuring that processes are in place for maintaining asset registers in accordance with good practice for fixed assets. The function of the Asset Register is to provide the Council with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained, as well as for accounting purposes.

C.15 The Corporate Directors should ensure that assets, and records relating to these, are properly maintained. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

Inventories

C.16 The Corporate Directors are responsible for maintaining and reviewing annually inventories of equipment, plant and machinery which has a value of over £200 or is portable and attractive.

Asset Disposal

C.17 The Corporate Director of Finance and Procurement in conjunction with the Head of Paid Service is responsible for issuing guidelines representing best practice for the disposal of equipment, plant and machinery.

C.18 Corporate Directors are responsible for complying with issued guidelines in respect of all asset disposals.

Stocks of goods and materials

C.19 Corporate Directors are responsible for:

- i. ensuring that stocks of goods and materials are held at a level appropriate to the business needs of the Council;
- ii. ensuring that adequate arrangements are in place for their care and custody;
- iii. writing off the value of obsolete stock in their Directorates of up to £10,000 in consultation with the Corporate Director of Finance and Procurement. All sums above £10,000 should be reported by the relevant Corporate Director to the Corporate Director of Finance and Procurement and Deputy Leader and Cabinet Member for Finance and Procurement and then to the Scrutiny Committee for write off action.

Intellectual Property

C.20 The Head of Paid Service is responsible in conjunction with the Director of Governance and Law for developing and disseminating best practice regarding the treatment of intellectual property.

C.21 The Corporate Directors are responsible for:

- i. ensuring that controls are in place to ensure that staff do not carry out private work in council time and that staff are aware that anything they create during the course of their employment, whether written or otherwise, belongs to the Council;
- ii. complying with copyright, designs and patent legislation and, in particular, to ensure that:
 - a. only software legally acquired and installed by the Council is used on its computers,
 - b. staff are aware of legislative provisions, and
 - c. in developing systems, due regard is given to the issue of intellectual property rights.

Treasury Management

C.22 The Corporate Director of Finance and Procurement is responsible for:

- i. reporting to the Deputy Leader and Cabinet Member for Finance and Procurement, in accordance with the CIPFA Code of Practice on Treasury Management in the Public Services and accordingly will create and maintain, as the cornerstones for effective treasury management:
 - a. a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
 - b. suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities;

The content of the policy statement and TMPs will follow the recommendations contained in sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the Council materially deviating from the Code's key principles.

- ii. reporting to the Council on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs;
- iii. establishing procedures to monitor and report on performance in relation to Prudential Indicators set by the Council;
- iv. ensuring that all borrowing and all investments of money are made in the name of the Council or in the name of an approved nominee.

C.23 This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Corporate Director of Finance and Procurement, who will act in accordance with the Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's standard of professional practice on treasury management.

C.24 This Council nominates the Treasury Management Advisory Group and Governance & Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Loans to third parties and acquisition of third party interests

C.25 The Corporate Director of Finance and Procurement is responsible for ensuring, jointly with the Corporate Directors, that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Full Council, the Leader, Cabinet or the Deputy Leader and Cabinet Member for Finance and Procurement. **LINK**

Trust Funds and funds held for third parties

C.26 Corporate Directors are responsible for arranging for all Trust Funds to be held, wherever possible, in the name of the Council and ensuring that Trust Funds are operated within any relevant legislation and the specific requirements for each Trust.

Banking

C.27 The Corporate Director of Finance and Procurement is responsible for:

- i. the control of all money in the hands of the Council;
- ii. operating central bank accounts as are considered necessary to the efficient operation of the Council's activities, within the terms agreed with the Council's bankers and reconciled weekly or monthly as required;
- iii. approving the opening or closing of any bank account operated by the County Council.

C.28 The Corporate Directors are responsible for operating bank accounts opened with the approval of the Corporate Director of Finance and Procurement in accordance with issued guidelines.

Imprest Accounts

C.29 The Corporate Director of Finance and Procurement is responsible for providing, in agreed circumstances and where such need is proven to be essential, cash or bank imprest accounts to meet minor or other agreed expenditure and for prescribing procedures for operating these accounts. **LINK**

C.30 The Corporate Directors are responsible for the operation of approved cash and bank imprest accounts in accordance with procedures issued by the Corporate Director of Finance and Procurement . **LINK**

Credit Cards and Purchase Cards

C.31 The Corporate Director of Finance and Procurement is responsible for:

- i. providing credit cards and purchase cards to be used for agreed purposes and to be allocated to nominated members of staff;
- ii. prescribing procedures for the use of credit cards and purchase cards and the accounting arrangements required to record and monitor expenditure incurred with such cards.

C.32 The Corporate Directors are responsible for:

- i. Operating the use of credit cards and purchase cards in accordance with the procedures issued by the Corporate Director of Finance and Procurement.
LINK

Staffing Costs

C.33 The Head of Paid Service is responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

C.34 The Corporate Directors are responsible for:

- i. the management of total staff numbers by:
 - a. advising the Leader and the relevant Cabinet Member on the budget necessary in any given year to cover estimated staffing levels;
 - b. adjusting the staffing numbers to that which can be funded within approved budget provision;
- ii. the proper use of appointment procedures;
- iii. monitoring staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff;
- iv. ensuring that the staffing budget is not exceeded unless the necessary additional ongoing funding is available and the agreement of the relevant Cabinet Member or the Leader or Cabinet is obtained as required.

Further guidance regarding authorisations to appoint members of staff is available in the relevant directorate's Scheme of Financial Delegation.

FINANCIAL REGULATION D – SYSTEMS AND PROCEDURES

Introduction

D.1 Sound systems and procedures are essential to an effective framework of accountability and control.

General

D.2 The Corporate Director of Finance and Procurement is responsible for:

- i. determining the Council's accounting control systems, the form of accounts and the supporting financial records and for ensuring that systems determined by him/her are observed;
- ii. approving any changes proposed by the Corporate Directors to the existing financial systems or procedures or the establishment of new systems or procedures;
- iii. compiling, in consultation with the Corporate Directors, a Business Continuity Plan to provide for as normal a continuation of financial services as possible in the event of any incident affecting systems used to deliver those services.

D.3 The Corporate Directors are responsible for:

- i. the proper operation of financial procedures and financial processes in their own Directorates in accordance with the systems and procedures set out by the Corporate Director of Finance and Procurement;
- ii. obtaining the approval of the Corporate Director of Finance and Procurement for any developments of new systems and changes to existing systems, by Corporate Directors that involve a financial operation or produce output that may influence the allocation of resources;
- iii. ensuring that their staff receive relevant financial training;
- iv. ensuring that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation. The Corporate Directors must ensure that staff are aware of their responsibilities under the Data Protection and Freedom of Information legislation;
- v. ensuring, jointly with the Corporate Director of Finance and Procurement that there is a documented and tested Business Continuity Plan to allow information system processing to resume quickly in the event of an interruption;
- vi. ensuring that Oracle Financials is utilised except where otherwise agreed by the Corporate Director of Finance and Procurement;
- vii. ensuring that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements agreed with the Corporate Director of Finance and Procurement. **LINK**

Income

D4 The Governance and Audit Committee is responsible for approving procedures for writing off debts as part of the overall framework of accountability and control.

D.5 The Corporate Director of Finance and Procurement is responsible for:

- i. setting the debt management policy for the County Council in order to maximise the income due to the Council and its collection;
- ii. approving the procedures, systems and documentation for the collection of income;

- iii. examining and actioning requests for write offs submitted by Corporate Directors;
- iv. maintaining a record of all sums written off and adhering to the requirements of the Accounts and Audit Regulations;
- v. ensuring that appropriate accounting adjustments are made following write off action;
- vi. ensuring, in consultation with the Corporate Directors, that adequate provision is made for potential bad debts arising from uncollected income.

D.6 The Corporate Director of Finance and Procurement is authorised to write-off the following types of debt where:

- i. the debtor has gone into liquidation or is deceased and there are no funds nor estate on which to claim for recovery of the debt;
- ii. the evidence against a debtor is inconclusive, and the Director of Governance and Law recommends write-off;
- iii. the debtor has absconded and all enquiries have failed;
- iv. the debtor is in prison and has no means to pay.

D.7 Other than covered in D6, all debt write offs over £10,000 should be put forward by the relevant Corporate Director to the Corporate Director of Finance and Procurement in his role of Section 151 Officer for his decision in consultation with the Deputy Leader and Cabinet Member for Finance and Procurement. The relevant Corporate Director will also submit a report for information, comment and assurance to the Governance and Audit Committee, setting out the operational reasons for the write-off.

D.8 The Corporate Directors are responsible for:

- i. compliance with the agreed debt management policy of the Council; **LINK**
- ii. the write-off of irrecoverable debts in their Directorates of up to £10,000 in consultation with the Corporate Director of Finance and Procurement;
- iii. ensuring that there is an annual review of fees and charges and that proposals for the level of fees and charges are approved by the Leader or relevant Cabinet Members;
- iv. ensuring that the agreed charging policy is implemented and consistently applied in respect of each relevant activity and service;
- v. separating, as far as is practicable, the responsibility for identifying amounts due and the responsibility for collection;
- vi. ensuring official receipts are issued and to maintain any other documentation for income collection purposes;
- vii. holding securely receipts, tickets and other records of income;
- viii. ensuring the security of cash handling.

Ordering and Paying for Works, Goods and Services

D.9 The Corporate Director of Finance and Procurement is responsible for:

- i. ensuring that all the Council's financial systems and procedures for ordering and paying for works, goods and services are sound and properly administered;
- ii. agreeing, in consultation with the Corporate Directors where appropriate, any changes to existing financial systems and to approve any new systems before they are introduced;
- iii. agreeing the form of official orders and associated terms and conditions;

- iv. making payments from the Authority's funds on the Corporate Director's authorisation that the expenditure has been duly incurred in accordance with Financial Regulations;
- v. defining the requirements for the electronic approval of order or checking and certification of invoices prior to payment to confirm that the goods have been ordered and received, the invoice is in order and is certified for payment by the nominated budget manager. The Corporate Director of Finance and Procurement will set and review a value for invoices, currently £250, below which payment will be made on certification that goods or services have been received and that the invoice is in order but will not require the additional certification of the budget manager;
- vi. making payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a Court Order;
- vii. making payments to contractors on the certificate of a Corporate Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

D.10 The Corporate Directors are responsible for:

- i. ensuring that the Council's corporate financial systems are used for payment for work, goods and services except where specialist systems are used in agreement with the Corporate Director of Finance and Procurement. Staff should not use personal credit cards to pay for work, goods or services on behalf of the Council;
- ii. ensuring that i-Procurement is used for raising orders in the first instance, any verbal orders for works, goods or services are only placed exceptionally and are confirmed with an official i-Procurement order;
- iii. ensuring that orders are only used for goods and services provided to their Directorates. Individuals must not use official orders to obtain goods or services for their private use;
- iv. ensuring that only those staff authorised in the delegated authority matrix (see appendix 1) approve expenditure and sign orders or where necessary ensure they are sealed by Legal Services.
- v. ensuring that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different person from the person who authorised the order;
- vi. ensuring that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment;
- vii. ensuring that payments are not made in advance of goods being supplied, work done or services rendered to the Council except with the approval of the Corporate Director of Finance and Procurement;
- viii. ensuring that invoices are approved for payment by staff authorised by the Corporate Directors and that details of such authorised staff, including specimen signatures and limits of authority, are provided to the Payments Team;
- ix. ensuring that all undisputed invoices are settled within 20 days from receipt of the invoice;

- x. ensuring that the Directorate obtains best value from purchases by contacting Strategic Sourcing and Procurement Team for any purchases over £50k, following the guidance in the Knet Procurement pages [LINK](#) and complying with the Council's Code of Practice for Tenders and Contracts 'Spending the Council's Money' which is incorporated in the KNet Procurement pages. Compliance with spend mandates, which are published in the how to buy guides accessible via the Knet Procurement page. [LINK](#)

D.11 All transactions must fall within the powers delegated to officers or have been approved by a decision (in accordance with the Council's Constitution) of the Cabinet, the Leader, an authorised Cabinet Member, the Council or one of its committees or sub-committees.

D.12 No contract, agreement or other document shall be signed or sealed unless it gives effect to:

- i. a decision or resolution (in accordance with the Council's Constitution) of the Leader, the Cabinet, an authorised Cabinet Member or one of its committees or sub committees or
- ii. a decision by an officer exercising delegated powers

D.13 Budgetary provision must exist before any contract can be entered into. This provision should be explicit in a budget approved by resolution of the Council. Where budgetary approval exists for a specific item further Member approval is not generally required.

D.14 Where there is no specific budget line, the officer with delegated authority may approve expenditure up to £100,000 provided the expenditure can be met within budget. Above £100,000 a formal decision by the Leader, the Cabinet or an authorised Cabinet Member is required in accordance with the Council's Constitution.

Contract Management

D.15 Staff should refer to Spending the Council's Money for advice and guidance regarding contract management. [LINK](#)

Ex Gratia Payments

D.16 The Corporate Directors are responsible for approving reasonable ex gratia payments of £6,000 or less and for ensuring that a record of such payments is maintained.

D.17 For ex gratia payments in excess of £6,000 the Corporate Directors are responsible for obtaining the approval of the relevant Cabinet Member, the Deputy Leader and Cabinet Member for Finance and Procurement and the Corporate Director of Finance and Procurement.

Payments to employees and Members

D.18 The Corporate Director of Finance and Procurement is responsible for:

- i. making arrangements for recording and for the accurate and timely payment of PAYE, Income Tax, National Insurance, and all other statutory and non-statutory payroll deductions;
- ii. ensuring the accurate and timely production of statutory returns to H.M. Revenue and Customs, particularly in respect of the financial year-end and the declaration of employee taxable benefits;
- iii. ensuring that there are adequate arrangements for administering pension matters on a day-to-day basis;

D.19 The Corporate Director of Human Resources is responsible for arranging and controlling secure and reliable payment, on the due date, of salaries, compensation payments or other emoluments, staff expenses and Members' expenses and allowances, and pensions in accordance with procedures prescribed by him or her.

D.20 The Corporate Directors are responsible for:

- i. ensuring that all appointments are made in accordance with the Council's regulations and approved establishments, grades and scales of pay.
- ii. ensuring that adequate budget provision exists for:
 - (a) all employee appointments
 - (b) all permanent and temporary variations relating to employee appointments
 - (c) all engagements of self-employed persons.

Taxation

D.21 The Corporate Director of Finance and Procurement is responsible for:

- i. maintaining the Council's tax records, making tax payments, receiving tax credits and submitting tax returns by their due date as appropriate;
- ii. advising Corporate Directors on all taxation issues that affect the Council in the light of relevant legislation as it applies and guidance issued by appropriate bodies.

D.22 Where the Corporate Directors are owners of financial systems they are responsible for maintaining the appropriate records, making tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

D.23 The Corporate Directors are responsible for consulting with, and seeking advice from, the Corporate Director of Finance and Procurement on the potential tax implications of any new initiatives for the delivery of Council activity and Services, including those that could impact on our partial exemption.

Trading accounts

D.24 The Corporate Director of Finance and Procurement is responsible for advising on the establishment and operation of trading accounts.

D.25 The Corporate Directors are responsible for:

- i. observing all statutory requirements in relation to trading activity, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged in accordance with the CIPFA Service Reporting Code of Practice;

- ii. ensuring that the same accounting principles are applied in relation to trading accounts as for other services or business units;
- iii. ensuring that each business unit prepares an annual business plan.

Overheads and Internal Recharges

D.26 The Corporate Director of Finance and Procurement is responsible for:

- i. maintaining a system of delegating budgets to Directorates for support services;
- ii. establishing a framework for the carrying out of overheads and internal recharges in accordance with laid down timetables;
- iii. ensuring that the recipients are clear what each charge covers and provide sufficient information to enable them to challenge the approach being taken;
- iv. arbitrating on disputed recharges where these cannot be satisfactorily resolved between Directorates;
- v. ensuring that overheads and internal recharges for support services are in accordance with the CIPFA Service Reporting Code of Practice for both budget and final accounts purposes.

D.27 The Corporate Directors are responsible for:

- i. ensuring that budgets for the purchase and provision of internal services are agreed between purchaser and provider and properly reflected in annual budgets and business plans and budget monitoring statements;
- ii. raising and/or processing recharges in accordance with the timescales laid down;
- iii. notifying and/or responding to disputed recharges in accordance with the timescales laid down;
- iv. monitoring the processing of recharges in accordance with the timetable agreed with the Corporate Director of Finance and Procurement.

FINANCIAL REGULATION E – EXTERNAL ARRANGEMENTS

Partnerships

- E.1 The Corporate Director of Finance and Procurement is responsible for:
- i. promoting the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council
 - ii. advising on the financial implications resulting from entering into partnership agreements including tax treatment, limitation of liability, valuation of transferred assets or the grant of a right to use existing assets and any other long term issues;
 - iii. advising on the terms of any payment and performance mechanism relating to partnerships entered into by the Council.
- E.2 The Corporate Directors are responsible for:
- i. ensuring that, when entering into partnerships, the Council's financial and operational interests are protected;
 - ii. ensuring that appropriate financial and legal advice is taken before entering into partnership agreements;
 - iii. ensuring that, before entering into partnership agreements with external bodies, a risk management appraisal is carried out and an exit strategy is in place where appropriate;
 - iv. ensuring that necessary approvals are obtained before negotiations are concluded in relation to partnership agreements;
 - v. ensuring that the accounting and financial arrangements for partnerships satisfy the requirements of the Council and allow for any required audit of the partnerships affairs.

More detailed guidance can be found in 'Risk Management of Key Partnerships – A guide to good practice', the management guide to alternative service delivery models [LINK](#) and the Companies' Protocol. [LINK](#)

External funding

- E.3 The Corporate Director of Finance and Procurement is responsible for:
- i. ensuring that procedures are in place so that all the financial implications, including long term issues, resulting from entering into external funding agreements are identified;
 - ii. ensuring that all external funding agreed with external bodies is received and is properly recorded in the Council's accounts;
 - iii. maintaining a record of expected grants in liaison with the Corporate Directors;
 - iv. investigating ways of maximising grant income;
 - v. building in any agreed financial implications (e.g. matched funding) into the budget strategy;
 - vi. accounting for non-specific Government Grants received and receivable and submitting any required returns in respect of these.
- E.4 The Corporate Directors are responsible for:
- i. ensuring that external funding which is sought supports the Councils service priorities;

- ii. ensuring that any matched funding requirements relating to external funding agreements are identified and provided for in the budget prior to any external funding agreement being concluded;
- iii. ensuring that necessary approvals are obtained before external funding agreements are concluded;
- iv. ensuring that the conditions of external funding agreements and any statutory requirements are complied with;
- v. ensuring that expenditure met from external funding is properly incurred and recorded, that income is received at the appropriate time, returns are made by the specified dates, and that audit requirements of the funding body can be met;
- vi. maintaining a record of external funding agreements in place;
- vii. ensuring that any other expenditure associated with the grant (e.g. matching funding) is contained within the agreed Directorate budget;
- viii. accounting for specific Government Grants received and receivable in respect of services for which they are responsible and submitting any required returns in respect of these;
- ix. ensuring that all grants received are recorded in the central register, and in line with the 'corporate grant procedure'. **LINK**

Work for third parties

- E.5 The Corporate Director of Finance and Procurement is responsible for issuing any required guidance on the financial aspects of contracts with third parties and external bodies.
- E.6 The Corporate Directors are responsible for:
- i. ensuring that work for third parties does not impact adversely on the services of the Council and that before entering into agreements a risk management appraisal has been carried out;
 - ii. ensuring that guidance issued by the Corporate Director of Finance and Procurement is complied with and that all agreements and arrangements are properly documented.
- E.7 The Leader or relevant Cabinet Member is responsible for approving the contractual arrangements for any work for third parties or external bodies where the contract value exceeds £200,000.

Companies

- E.8 In relation to companies that the Council has an interest, it is imperative that they are set up, managed and run according to rules of good governance so that risks are mitigated. The 'Protocol relating to companies in which KCC has an interest' establishes processes and provides additional controls to ensure such rules are in place.
- E.9 Anyone within the Council intending to set up a company must first read both the 'Protocol relating to companies in which KCC has an interest' and the more detailed Local Authority Companies guidance document. Sanctions are in place for non compliance which can include disciplinary action. **LINK**

- E.10 The Corporate Director of Finance and Procurement is responsible for advising on the financial implications resulting from the creation of a company including tax treatment and accounting arrangements.
- E.11 The Director of Governance and Law is responsible for advising on the legal requirements and implications with respect to the creation and ongoing running of a company.
- E.12 The Corporate Directors are responsible for:
- i. ensuring that the 'Protocol relating to companies which KCC has an interest' and the more detailed Local Authority Companies guidance document is complied with;
 - ii. ensuring that legal and financial advice provided by the Director of Governance and Law and the Corporate Director of Finance and Procurement respectively are complied with. **LINK**

Scheme of Delegation - Approval Limits

Finance Approval Process

Stage or Transaction Approval	Notes	Members		Officers				Strategic Sourcing & Procurement Team (SSP)				
		The Leader or Cabinet	Cabinet Member	CMT Director	Service Director	Service Head	Budget Manager	Head of Procurement	Category Manager	Procurement Manager	Procurement Officer	PS2P Buyer
Revenue Virement Limits												
Within Portfolio	1	Above £1m *	From £200k up to (but not including) £1m **	From £200k up to (but not including) £1m **								
Within Portfolio	2		Less than £200k	Less than £200k								
Between Portfolios	1	Above £1m *	From £200k up to (but not including) £1m **	From £200k up to (but not including) £1m **								
Between Portfolios	2		Less than £200k	Less than £200k								
Capital Virement Limits												
Within or across Portfolios	1	Above £1m *	From £200k up to (but not including) £1m **	From £200k up to (but not including) £1m **								
Within or across Portfolios	3		From £50k up to (but not including) £200k	From £50k up to (but not including) £200k								
Within or across Portfolios				Less than £50k								
Writing off of obsolete stock	4			Up to £10k								
Ex Gratia Payments	5		More than £6k	Up to £6k								
Writing off irrecoverable debts	6			Up to £10k								

Procurement & Invoice Approval Process

Stage or Transaction Approval	Notes	Members		Officers				Strategic Sourcing & Procurement Team (SSP)				
		The Leader or Cabinet	Cabinet Member	CMT Director	Service Director	Service Head	Budget Manager	Head of Procurement	Category Manager	Procurement Manager	Procurement Officer	PS2P Buyer
Contract Award Recommendation acceptance	7/16/17	Unlimited*	Unlimited*	Up to £1m*	Up to £500k except where Property Management Protocol expressly differs	Up to £250k	Up to £50k					
Contract/Framework Signature	8			Up to £1m and over £1m with Cabinet or Cabinet Member Decision to award and express authorisation of the Monitoring Officer to sign or seal*	Up to £500k and over £1m with Cabinet or Cabinet Member Decision to award and express authorisation of the Monitoring Officer to sign or seal*			Up to £1m and over £1m with Cabinet or Cabinet Member Decision to award and express authorisation of the Monitoring Officer to sign or seal*	Up to £250k	Up to £100k	Up to £50k	
Requisition (Budget expenditure) Approval i-Procurement	9/10/17			Unlimited where previously approved as designated signatory and where relevant authority is in place	Up to £1m*	Up to £500k	Up to £50k					
Purchase Order Approval	11							Unlimited when correct political or previously delegated authority is in place and contract is required*	Up to £250k	Up to £100k	Up to £50k	Up to £8k
Variation Approval	14	Unlimited*	Unlimited*	Up to £1m*	Up to £500k	Up to £250k	Up to £50k					
Variation Signature				Unlimited with Cabinet or Cabinet Member Decision to award variation and express authorisation of the Monitoring Officer to sign or seal*	Unlimited with Cabinet or Cabinet Member Decision to award variation and express authorisation of the Monitoring Officer to sign or seal*							

Receipt Confirmation	12			Unlimited	Unlimited	Unlimited	Unlimited					
Invoice Payment	13/17			Unlimited	Up to £1m or over £1m where previous delegation from Cabinet or Cabinet Member is in place*	Up to £500k	Up to £50k					
Contract Extension Approval		Unlimited	Unlimited	Up to £1m or over £1m with Cabinet or Cabinet Member Decision to award and express authorisation of the Monitoring Officer to sign or seal*								
Contract Extension Signature			Unlimited where previously approved as designated signatory and where relevant authority is in place*	Unlimited with Cabinet or Cabinet Member Decision to award variation and express authorisation of the Monitoring Officer to sign or seal*	Unlimited with Cabinet or Cabinet Member Decision to award variation and express authorisation of the Monitoring Officer to sign or seal*			Up to £1m or over £1m with Cabinet or Cabinet Member Decision to award and express authorisation of the Monitoring Officer to sign or seal*	Up to £250k	Up to £100k	Up to £50k	Up to £8k
Procurement Plan Approval								Unlimited (Plans of >£1m or of significant or with political implications will be advised on by Procurement Board)	Up to £250k	Up to £100k	Up to £50k	

* These decisions/actions are subject to statutory recording and publication requirements. Seek advice from Democratic Services.

** These decisions/actions are subject to statutory recording and publication requirements when over £500k. Seek advice from Democratic Services.

Notes:

- Virement of £1m to £200k has to be signed off by Portfolio Cabinet Member, relevant Corporate Director, Deputy Leader and Cabinet Member for Finance and Procurement and Corporate Director of Finance and Procurement
Advice should be sought as to whether the Virement requires a formal Decision to be taken.
- Virement less than £200k has to be signed off by the Corporate Director of Finance and Procurement along with the relevant Cabinet Member and Corporate Director.
- Virement of £200k to 50k has to be signed off by the Corporate Director of Finance and Procurement along with the relevant Cabinet Member and Corporate Director.
- Write off of obsolete stock up to £10k is in consultation with the Corporate Director of Finance and Procurement. Above £10k to be reported to Corporate Director of Finance and Procurement and Deputy Leader and Cabinet Member for Finance and Procurement and then taken to Scrutiny Committee for write off.
- Ex gratia payments above £6k Corporate Directors are responsible for obtaining approval from relevant Cabinet Member, Deputy Leader and Cabinet Member for Finance and Procurement and Corporate Director of Finance and Procurement.
- Write off of irrecoverable debts up to £10k is in consultation with the Corporate Director of Finance and Procurement. Above £10k should be put forward by the relevant Corporate Director to the Corporate Director of Finance and Procurement in his/her role of Section 151 Officer for his decision in consultation with the Deputy Leader and Cabinet Member for Finance and Procurement. A report by the relevant Corporate Director will also be submitted to Governance and Audit Committee.
- Award recommendation prepared by Procurement lead
- Authorities only valid if Contract Award Recommendation acceptance has been approved; will also require a review schedule e.g. with Legal Services for non-standard contract use; decisions on signing under seal or under hand
- Only valid for approved budgets/expenditure within plan – values will be used within i-Procurement
- Procurement authorities relate to own budget only
- For simple contracts only, those that are required to be sealed as required in "Contracts and Tenders Standing Orders" must be dealt with by Legal Services.
- May be exercised by any member of staff who can directly confirm correct receipt of goods, services or works
- Relates to signature on invoices; post i-Procurement implementation this authority is no longer required (3-way system match provides authorisation)
- Approval of a variation against an existing contract
- Approval of an extension to an existing contract, only valid if budget expenditure has been approved by relevant Service Officer
- Cabinet Member Approval where authority has been delegated, in some instances this may require Cabinet Approval in line with the Constitution
- For areas with high expenditure e.g. Highways, Property, ICT approval level can be increased to £5m for Service Directors at Corporate Directors discretion

Item No:

By: Paul Carter, Leader of the Council
Amanda Beer, Corporate Director – Engagement, Organisation
Design and Development

To: County Council

Date: 21 May 2015

Subject: **STATUTORY OFFICER DISCIPLINARY PROCEDURES**

Classification: **Unrestricted**

SUMMARY:

To consider the recommendations of Personnel Committee in response to the Department for Communities and Local Government's (DCLG) proposal to remove the "Designated Independent Person" (DIP) from the disciplinary process for the Head of Paid Service, Chief Finance Officer and Monitoring Officer, and to reduce legal, financial and reputational risk and cost to the Council of managing statutory officer disciplinary processes.

RECOMMENDATIONS

The County Council is requested to approve for inclusion in the Personnel Management Rules provision for the proposed procedures for the Head of Paid Service, Monitoring Officer and Chief Finance Officer as outlined in this report, and that this process be extended to include all statutory roles, including the Director of Children's Services, Director of Adult Social Services and Director of Public Health.

BACKGROUND

1. The current DIP procedure dates from 1993, but the origins of the concept of 'statutory protection' – whereby an officer of a local authority is protected from capricious or unjustified disciplining or dismissal by a prior requirement for an independent review of the alleged justification – are much older than that. Section 4(3) of the Local Government (Clerks) Act 1931 provided that ministerial consent was required to dismiss the clerk of a county council, even though that office was held "*during the pleasure of the council*," and this, repeated in section 100 of the Local Government Act 1933, was the position until 1974.
2. By 1974, when the reform of local government under the Local Government Act 1972 took effect and some 1,500 principal local authorities were reduced to 454, the concept of tribunal redress for unfair dismissal had been introduced under the Industrial Relations Act 1971.

3. In the mid-1980s, the government appointed the Widdicombe Committee. Their report *The Conduct of Local Authority Business* was published in June 1986. No. 49 of 88 recommendations was that “the legislation should be amended to prevent a local authority dismissing a chief executive except on the vote of two thirds of the membership of the council” (a statutory requirement to appoint a chief executive had been the subject of recommendation 35). It is worthwhile revisiting the argument in paragraph 6.203 of the report that led to recommendation 49. The latter part of that paragraph reads:

“In some cases the exercise of these [new chief executive] responsibilities would require them to be unpopular with the majority party. These recommendations would be undermined if the majority party could get rid of chief executives, and no less so simply because the chief executive leaves by mutual agreement. Accordingly we propose that a chief executive may only be dismissed on the vote of two-thirds of the members of the council. The two-thirds test is preceded by the requirement in the local Government (Scotland) Act 1947...but we have deliberately phrased it more stringently so that it applies to the whole council not just those voting.”

4. Three years later the Local Government and Housing Act 1989 enacted both these recommendations, but in a modified form. A *head of paid service*, rather than a chief executive, had to be appointed, while the statutory protection that the Widdicombe report recommended came in the form of council standing orders, required to be adopted under the Local Authorities (Standing Orders) Regulations 1993. The DIP requirement was included in paragraph 4(1) of Part I of Schedule 1 to these regulations, rather than a requirement for a two-thirds majority vote.
5. These provisions were amended and augmented by the subsequent Local Authorities (Standing Orders) (England) Regulations 2001. As well as heads of paid service, the same statutory protection has since been extended to chief financial (“section 151”) officers and monitoring officers.

The use and impact of the Statutory Protection provisions

6. Regulation 7 refers to its “*appearing to the local authority that an allegation of misconduct...requires to be investigated*” before requiring that a DIP must be appointed for that investigation. Such a requirement can only formally come to appear necessary to the authority by the taking of a legally valid decision to that effect. That decision in itself must comply with the statutory procedure; accordingly the authority may well carry out, or appoint someone to carry out, a preliminary investigation or inquiry to help them decide if the test of regulation 7(1) is met. Any such person carrying out such preliminary inquiries is not a statutory DIP, but must still take care not to act in a prejudicial manner.
7. The 1993 Regulations were hardly used in their first few years, but more recently there have been a number of cases being referred by councils for ‘full’ investigation by a DIP. However, the number of cases where the process has been completed, leading to a recommendation to the council by

the appointed DIP, is very small, as often the reference to a DIP (or even the possibility of such reference) has had the effect of encouraging reluctant parties to consider alternative resolution of the issue in view of the time and costs potentially involved.

8. After some twenty years' experience of these protection rules, it is safe to say that their continued existence acted as a powerful tool in ensuring good governance and the maintenance of high standards of legal, ethical and financial conduct and probity by an authority. It is important, therefore, that Kent County Council implements the new regulations in a way that ensures that protection is maintained while effectively managing and reducing the cost and any risks to the Council.

Protection of Statutory Officers

9. The relevant local authority statutory officers affected are the Head of Paid Service, the Monitoring Officer and the Chief Finance Officer. Their statutory responsibilities are manifold, but can be summarised as follows:
 - Head of Paid Service - has a duty to report to Council where he considers it to be appropriate in respect of the co-ordination of the discharge of the various functions of the authority, or the adequacy or pay of staff, or its organisation or management.
 - Monitoring Officer - has a duty to report where he is of the opinion that the authority has or proposes to act unlawfully.
 - Chief Finance Officer - has a duty to report where there is unlawful or improper expenditure/financial dealings, etc.
10. These are important regulatory functions to protect the Council's ability to discharge its functions effectively and lawfully, to prevent the politicisation of employees and to safeguard against the inappropriate or illegal use of public resources. Exercising these functions could bring the statutory officers into conflict with the political leadership of the Council.
11. The DCLG has proposed the replacement of the current DIP process with a requirement that decisions to dismiss a statutory officer must be taken by full Council, with regard being given to a report on the dismissal from a panel consisting of at least two independent persons. These persons to be drawn from those people appointed under section 28(7) of the Localism Act 2011. The DCLG considers that the current arrangements lead to a higher prevalence and high overall cost of severance payments as part of compromise agreements, which are implemented instead of disciplinary proceedings requiring a DIP.
12. The DCLG conducted a 4 week consultation on the proposals in March 2013 and has now followed it up with a further short consultation on draft amendments to the Local Authorities (Standing Orders) (England) Regulations 2001. This has resulted in regulations that require the new process to be approved by the County Council no later than its first ordinary meeting after 11 May 2015.

13. It is important that those statutory officers who have a responsibility to serve the wider public good must also have the freedom 'to speak truth unto power' without undue fear of summary removal from office for so doing. The cost and risk to the Council, in terms of local democracy, reputation, probity and good governance would be threatened if a statutory officer was reluctant to properly discharge their functions in case they may be subject to dismissal as a consequence
14. It may be considered that removal of the DIP process may weaken the Council's ability to discharge its functions effectively and lawfully and to safeguard against the inappropriate or illegal use of public resources. However, the 2015 regulations do not remove the possibility of the appointment an investigator if required to report to the panel of independent persons.

Cost of Severance Payments

15. There are understandable concerns about the length of time as well as the financial costs of using the DIP process, particularly where an employee remains suspended whilst the matter is dealt with by the appointed DIP. There is little evidence that the DCLG's changes will significantly reduce the cost of dismissing the officers under consideration.
16. Consideration of cost also needs to consider the impact of the statutory employment protection regime currently in place whilst KCC needs to be confident that the decisions made are sound within this context. The Authority needs to ensure that decisions made are defensible in the face of any unfair or wrongful dismissal claims made to an Employment Tribunal or High Court.
17. Therefore, scope to appoint someone to investigate the matters and recommend to the panel, if required, can support the mitigation of any risk in relation to the dismissal decision. The timescales and costs of this can be managed by the use of a "Select List" with set fee arrangements.
18. Equally, high severance settlements do not arise when an authority seeks to dismiss a statutory officer for good cause, but are high only when it seeks to do so without a case which would stand up to scrutiny in an Employment Tribunal or Court. If the Council has a strong disciplinary case, then it should have no fear of pursuing disciplinary action.
19. Outside of disciplinary procedures, it is however important that there is still sufficient scope to allow lawful and defensible settlements where continuation of a statutory officer contract is untenable because there has been a fundamental breakdown in trust and confidence.
20. The existing disciplinary process is enhanced by there being a limitation on the Council's ability to suspend a statutory officer for a period of more than two months, which can only be extended with the consent of the DIP. This restriction encourages the Council to conduct the investigation expeditiously and so limits the cost of paying salary during a prolonged period of

suspension. There is merit in retaining an equivalent provision in any revised procedure.

Proposed KCC Procedure

21. In consideration of the context in this report it is proposed that the Council adopts a procedure as provided for in The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015.
22. This will require the Council to appoint a panel of at least two independent persons to consider any case for dismissal made against the Head of Paid Service, Chief Finance Officer and Monitoring Officer. In addition to the requirements of the regulations a 'Select List' of investigators is maintained for use if the panel requires their services. The Personnel Committee also commented that the provision of non-HR advice to the Panel would be a matter for the Panel to decide in each case.
23. The panel will make a recommendation on the dismissal to Personnel Committee who will consider this alongside any advice, the conclusions of any investigation into the proposed dismissal and representations from the officer concerned.
24. Under the 2015 regulations if a committee discharges, on behalf of the Council, the decision to dismiss, full Council must approve that dismissal before notice of dismissal is given. Therefore it is proposed that Personnel Committee makes the recommendation to County Council if a dismissal is required so it can make a decision as required by the regulations.
25. There would be an explicit assumption that the Council would abide by the recommendations of the independent panel unless there were exceptional reasons to justify departing from them.
26. It is recommended that a statutory officer may only be dismissed on the vote of two-thirds of the members of the Council, as per the original Widdicombe Committee recommendation referred to in paragraph 3. It should be noted that as any decision to dismiss will be taken by the County Council it will not be possible to provide any internal appeal process.
27. The recommended procedure to manage a dismissal is, therefore:
 - Appointment of a panel of independent persons (arranged by the Head of Democratic Services)
 - Consideration of the appointment of an investigator
 - Consideration of the case against the post holder by the panel
 - The panel makes a recommendation on dismissal to Personnel Committee
 - A decision is made by Personnel Committee in consideration of the panel's recommendation
 - If Personnel Committee decides the post holder should be dismissed it recommends this action to County Council
 - County Council makes a decision on whether to dismiss or not

Appointment of the Independent Persons

28. The 2015 regulations state that two independent persons should consider any dismissal of the Head of Paid Service, Chief Finance Officer and Monitoring Officer. The people must be drawn from those appointed under section 28(7) of the Localism Act 2011. Currently KCC has one person (Mr Michael George) it calls upon in line with the minimum requirement under the 2011 Act.
29. KCC has a reciprocal arrangement with the Kent and Medway Fire and Rescue Authority to use their appointed independent person (Mrs Janet Waghorn) in situations where the Council's Independent Person may not be available or is conflicted. Therefore there is scope to appoint two people for the purposes of constituting a panel under the 2015 regulations.
30. If one or both of the people identified above cannot be appointed to the independent persons' panel, there is also scope to use the Kent Secretaries network with other authorities in order to ensure an appropriately constituted panel. Also, the County Council has scope to appoint additional persons if the pool of people available is required to be expanded on a more permanent basis.

Extended Coverage of the Procedure

31. This paper sets out why it is necessary to have a procedure in place that effectively manages any dismissal of the Head of Paid Service, Chief Finance Officer and Monitoring Officer which ensures the role of these officers in maintaining effective local democracy, reputation, probity and good governance is protected. There is an argument to be made that these considerations could also be extended to all statutory roles which would include the Director of Children's Services, Director of Adult Social Services and Director of Public Health. This paper recommends that extension to the County Council.

RECOMMENDATION

32. The County Council is requested to approve for inclusion in the Personnel Management Rules provision for the proposed procedures for the Head of Paid Service, Monitoring Officer and Chief Finance Officer as outlined in this report, and that this process be extended to include all statutory roles, including the Director of Children's Services, Director of Adult Social Services and Director of Public Health.

Background documents: None

Ian Allwright
Employment Policy Manager
Ext 415774

By: Paul Carter – Leader of the Council
 Mark Dance – Cabinet Member for Economic Development
 Barbara Cooper – Corporate Director Growth, Environment and Transport

To: County Council – 21 May 2015

Subject: Local Growth Fund: Governance Arrangements

Classification: Unrestricted

Summary: The County Council is asked to endorse the establishment of a joint executive committee with East Sussex County Council, Essex County Council, Medway Council, Thurrock Council and Southend-on-Sea Borough Council, for the purposes of managing the Local Growth Fund and other funds which may be directed by Government to the South East Local Enterprise Partnership, as described in the attached report to the Growth, Economic Development and Communities Cabinet Committee on 14 April 2015.

FOR
 RECOMMENDATION
 TO THE LEADER

1. (1) At its meeting on 14 April 2015, the Growth, Economic Development and Communities Cabinet Committee considered and approved a report on the proposed governance arrangements for the Local Growth Fund (attached at **Appendix A**).

(2) The Cabinet Committee report proposes the establishment of a joint executive committee for the purposes of managing the Local Growth Fund and other funds which may be directed by Government to the South East Local Enterprise Partnership. The proposed terms of reference for the joint committee are appended to the Cabinet Committee report.

(3) If approved, the County Council is asked to note that representation on an executive joint committee is the decision of the Leader (see Appendix 2 Part 5 of the Constitution) who may appoint only Cabinet Members.. Furthermore, if the agreement to be made with the other authorities (as referred to in the Cabinet Committee report) involves the transfer or delegation of any discretionary decision-making from KCC, then the County Council will be required to give its consent to the detailed arrangements. A further report to County Council may therefore be required for this purpose.

(4) The Cabinet Committee endorsed the establishment of the joint committee and asked for regular update reports in order to allow it to monitor the working of the new partnership arrangements. However, given the significance of the proposal and in view of previous comments made by Members about the governance arrangements for decisions on the allocation of

regional development funds, the Leader of the Council has specifically requested the County Council to give consideration to the proposal at this stage and advise him accordingly.

Recommendations

2. (1) The County Council is invited to endorse the establishment of a joint executive committee with East Sussex County Council, Essex County Council, Medway Council, Thurrock Council and Southend-on-Sea Borough Council, for the purposes of managing the Local Growth Fund and other funds which may be directed by Government to the South East Local Enterprise Partnership; and advise the Leader of the Council accordingly.

Peter Sass
Head of Democratic Services
03000 416647

Background Papers: Report and draft minute of the Growth, Economic Development and Communities Cabinet Committee, 14 April 2015

By: Mark Dance
Cabinet Member for Economic Development

Barbara Cooper
Corporate Director – Growth Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee

14 April 2015

Subject: Local Growth Fund: Governance arrangements

Classification: Unrestricted

Past pathway of paper: None

Future pathway of paper: County Council – 21 May 2015

Electoral Division: All

Summary

To date, £109 million has been allocated from the Government's Local Growth Fund to capital projects in Kent. Most of this funding is for transport infrastructure, and will be channelled via the South East Local Enterprise Partnership.

This paper explains the governance arrangements that it is currently envisaged will be put in place to manage the funding. In particular, it is proposed that an Accountability Board, constituted as a Joint Committee of the six Local Transport Authorities within the South East LEP area, should be established to maintain strategic oversight and to allow funds to be transferred in the event of underspend or overspend.

Recommendations:

The Growth, Economic Development and Communities Cabinet Committee is recommended to:

- a) CONSIDER this report; and
- b) RECOMMEND that the Leader of the Council, subject to the continuation of the South East LEP and subject to further consideration at County Council on 21 May agrees to the establishment of a Joint Committee together with East Sussex County Council, Essex County Council, Medway Council, Thurrock Council and Southend-on-Sea Borough Council for the purposes of the management of the Local Growth Fund and other funds which may be directed by Government to the South East Local Enterprise Partnership.

1. Background

- 1.1. In 2013, the Government announced the establishment of the Local Growth Fund (LGF) for England. This is a 'single pot' capital fund, made up of contributions from a number of Government departments, in particular the Department for Transport. The LGF incorporates a number of funds which were formerly ring-fenced and transferred to local authorities, as well as some funds which were previously managed directly by central Government.
- 1.2. The Government makes allocations from the Local Growth Fund to Local Enterprise Partnerships (LEPs). These are informal public-private partnerships which aim to promote economic growth. Kent is currently covered by the South East LEP, which also includes Essex and East Sussex (as well as Medway).
- 1.3. To date, the Government has allocated £462 million to the South East LEP from the Local Growth Fund, against a specific schedule of capital projects. Of this, £109 million has been allocated to 24 projects in Kent, a list of which is attached in Annex 1. Spend on 15 of these projects is expected to start in 2015/16.
- 1.4. Because the South East LEP is an informal partnership with no legal personality with the capacity to enter into contracts, the Government has issued a grant offer to Essex County Council (as the Accountable Body for the LEP) for LGF funding for all schemes scheduled to start in 2015/16. This means that this funding will be passed from Government to Essex CC. Initially, funding will be transferred in quarterly instalments, but it is possible that in future, funds will be made available annually in advance of need.
- 1.5. Work has been underway to develop an agreement which would be put in place between Essex CC and all six Local Transport Authorities to enable them to draw down funds quarterly in advance of need. A draft agreement is currently being discussed by the Section 151 officers within the relevant authorities, including KCC.
- 1.6. It should be noted that discussions are taking place regarding the future boundaries and role of the South East LEP. Specifically, the Kent and Medway Economic Partnership and Kent Leaders are considering whether it would be in Kent's interests for the South East LEP in its current form to be abolished and replaced with a Kent and Medway LEP. Proposals may be developed further over the summer, and it remains to be determined how these will impact on the management of funds already allocated for 2015/16

2. Managing delivery

Managing delivery within KCC

- 2.1. Within KCC, a LGF Scheme Programme Board has been established to manage the delivery of those schemes for which KCC is responsible, chaired by the Head of Transportation and attended by the Corporate Director for Growth, Environment and Transport.

Managing delivery across the LEP-wide schedule of projects

- 2.2. Across the LEP's Local Growth Fund allocation, there may be project overspends, underspends and time delays. It will be important to manage these effectively to ensure that schemes are delivered and to avoid a loss of funding to the programme when projects cannot be delivered as originally planned.
- 2.3. Within the grant agreement that the LEP has received from Government, the Government reserves the right for itself to determine any, and all, project variances. However, it is possible that this right may be waived if a strong LEP programme oversight and accountability mechanism is in place. Following a review of LEP governance in autumn 2014, it is therefore proposed that:
- a) Within the agreement between the Accountable Body and the local authorities referred to in para. 1.5, there will be flexibility to manage limited variances locally, below a threshold which is yet to be defined;
 - b) To determine larger variances and to maintain strategic oversight of the programme as a whole, an **Accountability Board** should be established covering the whole LEP area. It is proposed that the Accountability Board should be constituted as a Joint Committee, with KCC, East Sussex County Council, Essex County Council, Medway Council, Thurrock Council and Southend-on-Sea Borough Council constituent authorities. While the local authorities will be the only voting members of the Accountability Board, it is proposed that three non-voting private and educational sector members will be co-opted to ensure a link with the Local Enterprise Partnership. Draft outline terms of reference are attached at Annex 2.
- 2.4. The establishment of the Accountability Board will mean that the Local Transport Authorities across the LEP will be able to make funding decisions collectively, because the Accountability Board will be formally constituted. At present, because the LEP is an informal partnership, there is no mechanism to do this.

Partner oversight

- 2.5. In addition to the arrangements described above, progress in delivering the LGF programme in Kent will be reported to Kent and Medway Economic

Partnership, ensuring that the Kent Districts and business representatives have an overview of delivery.

3. Legal implications

The establishment of the Accountability Board

- 3.1. If approved by all six proposed constituent authorities, the proposed Accountability Board will be established as a Joint Committee. Sections 101 and 102 of the Local Government Act 1972 provide a general power for local authorities to form joint committees in order to discharge functions jointly with other authorities. The functions to be discharged by the proposed Accountability Board relate to the making of loans and grants and are executive functions under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.
- 3.2. Section 9EB of the Local Government Act 2000 authorises the Secretary of State to make regulations facilitating the executive functions arrangements referred to in Section 101 of the 1972 Act. This has been done in the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 (2012/1019).
- 3.3. Reg. 11(6) of the 2012 Regulations provides that where the functions are executive the joint committee is to be appointed under Section 102(1)(b), and appointments to it made under Section 102(2), of the 1972 Act.
- 3.4. A Joint Committee will need to be underpinned by a Joint Committee Agreement between the constituent authorities. At the time of writing, this has not yet been prepared, but it will need to be in place by the time the Accountability Board is established.

The inclusion of non-voting co-opted members

- 3.5. Section 102 (3) allows a Joint Committee to include co-opted members. However, Section 13 of the Local Government and Housing Act 1989 requires co-opted members to be non-voting. While there is no restriction on a co-opted member being appointed chairman, a co-opted chairman will not have a first or casting (or any) vote (see paragraph 2.3(b) above).

4. Kent County Council's membership of the Accountability Board

- 4.1. In order to establish the Accountability Board, KCC will need to decide to become a constituent authority.
- 4.2. Subject to the preparation of a Joint Committee Agreement as described in para. 3.4, a decision to join a Joint Committee may be made by the Leader. A draft Record of Decision is attached as Annex 3. KCC's representation on the

Accountability Board will then be determined by the Member Selection and Services Committee.

- 4.3. However, the decision to join the Joint Committee may be subject to the continuation of the South East LEP in its current form, as set out in para. 1.6.

5. Recommendations

The Growth, Economic Development and Communities Cabinet Committee is recommended to:

- a) CONSIDER this report; and
- b) RECOMMEND that the Leader of the Council, subject to the continuation of the South East LEP and subject to further consideration at County Council on 21 May agrees to the establishment of a Joint Committee together with East Sussex County Council, Essex County Council, Medway Council, Thurrock Council and Southend-on-Sea Borough Council for the purposes of the management of the Local Growth Fund and other funds which may be directed by Government to the South East Local Enterprise Partnership.

Contact details

Report author:	Ross Gill Economic Strategy and Policy Manager
Telephone:	03000 417077
Email:	ross.gill@kent.gov.uk
Relevant Director:	David Smith Director of Economic Development
Telephone:	03000 417176
Email:	david.smith2@kent.gov.uk

1 April 2015

Annex 1

Local Growth Fund: Scheme allocations in Kent

	LGF Contribution (£m)						Total LGF Input	Match Funding (£m)	Total Scheme Budget (£m)
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21			
A28 Chart Road		1.00	1.00	7.00	1.23		10.23	22.57	32.8
Ashford Spurs		2.00					2.00	2.52	4.52
Sturry Link Road		1.00	2.45	2.45			5.90	22.70	28.6
A28 Sturry Road integrated transport package		0.30					0.30	0.25	0.55
North Deal transport improvements	0.40	0.40					0.80	0.75	1.55
Dover Western Docks Revival Project		5.00					5.00	195.00	200
A226 London Rd/ B255 St Clements Way				2.10	3.10		5.20	5.50	10.7
Rathmore Road Link, Gravesend		4.20					4.20	5.30	9.5
Maidstone Gyratory Bypass	1.00	3.60					4.60	1.14	5.74
Maidstone sustainable access to employment areas		2.00					2.00	1.00	3.00
Maidstone Integrated Transport		1.30	2.00	2.00	3.60		8.90	6.90	15.80
Folkestone Seafront	0.50						0.50	0.15	0.65
Westenhanger Lorry Park			1.00	2.00			3.00		12.00
Sittingbourne Town Centre Regeneration	2.50						2.50	2.00	4.50
Thanet Parkway			4.00	6.00			10.00	14.00	14.00
M20 Junction 4 Eastern Overbridge	2.20						2.20	2.61	4.81
Tonbridge Town Centre Regeneration	2.00	0.40					2.40	4.28	2.65
A26 London Road/Speldhurst Road/ Yew Tree Road	1.00	0.80					1.80	0.25	2.05
West Kent LSFT	0.80	1.40	0.70	0.70	0.70	0.60	4.90	4.16	9.06
Kent Thameside LSTF	2.40	0.50	0.50	0.40	0.40	0.30	4.50	3.15	7.65
Kent Strategic Congestion Management	0.80	0.80	0.80	0.80	0.80	0.80	4.80		4.80
Kent Sustainable Interventions programme	0.50	0.50	0.50	0.50	0.50	0.50	3.00		3.00
Kent Rights of Way improvements plan	0.20	0.20	0.15	0.15	0.15	0.15	1.00	0.30	1.30
M20 Junction 10A*			8.30	11.40			19.70		
Total							109.43		

* Highways Agency scheme

Annex 2

SOUTH EAST LOCAL ENTERPRISE PARTNERSHIP ACCOUNTABILITY BOARD

DRAFT MEMBERSHIP AND TERMS OF REFERENCE

The SELEP Accountability Board is an executive joint committee of the following authorities. It is constituted under S.101 and S.102 LGA 1972 and Reg. 11(6) of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 (2012/1019).

East Sussex County Council

Essex County Council

Kent County Council

Medway Borough Council

Southend On Sea Borough Council

Thurrock Borough Council

Membership

9 members appointed as follows

Voting Members

1 member appointed by each of the 6 member councils (6)

Non-voting Co-opted members

A business Vice Chairman of the SELEP Strategic Board appointed by the Strategic Board

One member appointed by the Accountability Board on the nomination of the higher education sector (1)

One member appointed by the Accountability Board on the nomination of the further education sector (1)

Chairman

The business Vice Chairman of the SELEP Strategic Board appointed to the Accountability Board shall be the Chairman of the Accountability Board.

Quorum

One third of the members including at least two voting members

Terms of Reference

Within the Partnership's Growth Deal and Strategic Economic Plan and such other plans as may be approved by the Strategic Board, the Accountability Board will be responsible for the implementation of the Partnership's Accountability and Assurance framework and all processes by which bids are assessed, risks considered, approvals made and performance managed including

- Appraisals and approvals, including those of grants and loans, in accordance with Board recommendations
- Monitoring project assessment and delivery
- Ensuring accountability from each of the federated areas relating to expenditure and programme delivery
- Approving variations to schemes
- Quarterly performance reporting on an exceptions basis to the Strategic Board
- Reporting on progress to central government
- Any other accountability or assurance function required by central government or recommended by the Partnership's auditors or the Chief Finance Officer of the Partnership's accountable body,

The Accountability Board will be advised by the Accountable Body's chief finance officer.

Annex 3

KENT COUNTY COUNCIL - RECORD OF DECISION

DECISION TAKEN BY Paul Carter – Leader of the Council	DECISION NO. XXXXXX
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Unrestricted

Establishment of the East Sussex, Essex, Kent, Medway, Southend-on-Sea and Thurrock Joint Committee, referred to as the South East Local Enterprise Partnership Board

Decision:

As Leader of Kent County Council, I agree that Kent County Council shall become a Constituent Authority of a Joint Committee together with East Sussex County Council, Essex County Council, Medway Council, Thurrock Council and Southend-on-Sea Borough Council, to be known as the South East Local Enterprise Partnership Accountability Board, for the purposes of the management of the Local Growth Fund and other funds which may be directed by Government to the South East Local Enterprise Partnership.

Reason(s) for decision

The decision is required so that collective decisions can be made by the proposed Constituent Authorities regarding the use of the Local Growth Fund and other funds which may be directed by Government to the South East Local Enterprise Partnership.

Cabinet Committee recommendations and other consultation

Cabinet Committee recommendations

The Growth, Economic Development and Communities Cabinet Committee considered a report on this decision on 14 April 2015. It recommended that the Leader should take the decision as set out above.

Other consultation

Consultation on this proposal has taken place with the South East Local Enterprise

Partnership Board, with Kent and Medway Economic Partnership and with Kent Leaders.
The proposal was also considered by County Council on 21 May.

Any alternatives considered:

Two alternatives have been explored:

- a) Do nothing: continue to operate within the existing arrangements. This option is not viable, as the South East LEP has no formal status and there is no mechanism for collective decision-making.
- b) Establish a governance mechanism which delegates all accountability to the Local Transport Authorities via a grant agreement from the Accountable Body. This option is viable and may be administratively simpler than the proposed option. However, it is considered that the ability to make decisions collectively across the LEP area will be of benefit in relation to future funding opportunities.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

None

.....

signed

..

.....

date

By: Chairman of the Independent Member Remuneration Panel

To: County Council - 21 May 2015

Subject: Annual Report of the Independent Member Remuneration Panel

Summary: This report sets out the Annual Report of the Panel and sets out our recommendations for the Member Allowances Scheme for 1 June 2015 to 31 May 2016.

1. Introduction

- (1) The Panel has met on two occasions to prepare its Annual Report. At its meeting on 14 January 2015 the Panel invited all the Leaders of the political groups to speak to the Panel about the current Members' Allowances so that the Panel could form a view on whether the Scheme was still appropriate or whether it wished to recommend any changes to the scheme.
- (2) Whilst not within the remit of the Member Remuneration Panel the Leaders of all the political groups had agreed that it would be helpful to the County Council to hear the views of three independent persons who make up the Panel on the liability for tax for past and present elected Members for home to office journeys made by them during the period 1 April 2009 to 30 April 2013.

2. Members' Allowances Scheme May 2015 to May 2016

- (1) The Panel interviewed each Group Leader individually to seek their views on the appropriateness of the Members' Allowances Scheme both in terms of the basic allowance paid to all elected Members and the Special Responsibility Allowances (SRAs).
- (2) The Panel was specifically asked to consider whether the level of allowances was appropriate and whether allowances should rise annually in line with an appropriate index. The Panel noted the background to recent changes to the scheme as follows:
 - In 2011 the Basic Allowance had reduced by 1.5% from £13,000 to £12,805. Those members of the administration in receipt of an SRA also agreed a reduction in their allowance of 2.66%.
- (3) The Panel noted that the County Council no longer has a "cost of living" increase for staff pay. All pay increases are dependent on performance. The "pot" used to pay performance awards is usually around 2.5% of the total pay bill, with those assessed as achieving receiving an award of around 2% (higher for those assessed above or outstanding). The pay scales are uplifted each year, usually by around half the value of "achieving" i.e. around 1%, although this partly depends on what can be afforded within the budget.

- (4) The Office for National Statistics also produce statistics on wage increases including and excluding bonuses. The average public sector increase excluding bonuses is currently 1%.
- (5) It was also noted that a number of other local authorities linked their Members Allowance Scheme to an index, for example Consumer Price Index (CPI) Retail Price Index (RPI) or staff pay.
- (6) At the conclusion of the first meeting of the Panel the Panel commissioned some research to be undertaken of other local authorities including those viewed to be the County Councils statistical neighbours to compare the amount paid to Members as a basic allowance and comparable SRAs.(see Appendix 1).
- (7) The Panel also asked for some research to be conducted into the changes in Her Majesty's Revenue and Customs (HMRC) changes to personal income tax during the period 1 April 2008 to 31 March 2015 to establish what impact these changes had in terms of personal disposable income during this period. The Panel acknowledge that every elected Members individual circumstances is personal to them but in real terms there had been changes to the tax threshold before basic rate income tax is paid which in practice will have been of benefit to a number of the elected Members.

Conclusions

- (8) Taking all this information and evidence into account the Panel concluded that Kent was at, or close to the top of the table as having high in both the basic and Special Responsibility Allowances. This included other Councils where there is already a link to an index so that there is an automatic uplift to their allowance scheme when it is triggered by the index they are using.
- (9) The Panel acknowledged that it is difficult to compare SRAs as the functions of posts that attract such allowances differ from Council to Council although in financial terms, Kent County Council's SRAs were higher than most other Councils.
- (10)The Panel therefore recommend that there should be no change to the Members' Allowances Scheme for the period May 2015 to May 2016. (see Appendix 2).However, the Panel were supportive of the principle of linking both basic and SRAs to an appropriate index when the scheme is next reviewed for the 2017 – 2021 Council term. The Panel's initial thoughts were to link this to staff pay but the Panel will be considering this further with a view to making a positive recommendation for the Scheme to be agreed following the County Council elections in 2017.

3. Tax Liability for Elected Members home to office journeys 1 April 2009 to 31 March 2013

- (1) Although not within our statutory remit the Panel has considered at the request of the Group Leaders whether or not elected Members past and present should be asked to meet the tax liability for their home to office journeys for the period 1 April 2009 to 31 March 2013. At the time the County Council did not require elected Members to pay tax on these journeys. Her Majesty's Revenue and Customs (HMRC) had required for the tax for these journeys to be paid and the County Council had met this liability.
- (2) Having listened very carefully individually to each of the elected Members the collective view of the members of the Panel is:

"We believe that every surviving Member of the County Council for the period 1 April 2009 to 31 March 2013 should be informed by the Corporate Director of Finance and Procurement of their tax liability for home to office journeys for this period (if any) and invited on a voluntary basis to repay the County Council for this tax liability".

4. RECOMMENDATIONS:

The Panel recommend that:

- (a) there should be no changes to the Members' Allowance Scheme for 2015/16 but the County Council is asked to note the Panel's views about the introduction of indexation from 2017;
- (b) the County Council be recommended to formally adopt the scheme as set out in Appendix 2 to this report; and
- (c) note the views of the Panel requested by the political group leaders on the tax liability for home to office journeys made by elected members during the period 1 April 2009 to 31 March 2013.

Appendix 1- Comparison of Basic and Special Responsibility Allowances with some of our Statistical Neighbours

Authority	Basic Allowance
Essex	£11,500
Gloucestershire	£9,000.00
Hampshire	£12,003.00
Kent	£12,805.00
Lancashire	£10,139.00
Northamptonshire	£9,054.00
Suffolk	£10,273.74
Warwickshire	£8,975.00
Worcestershire	£8,515.00

Lowest	£8,515.00
Highest	£12,805.00
Mean average	£10,251.64

Authority	SRA Leader	SRA Deputy Leader	SRA Cabinet Member	Deputy/Assistant Cabinet Member/Lead Member	Chairman	Vice-Chairman
Essex	£53,500.00	£40,125.00	£35,310.00	£13,375.00	£21,680.00	£10,840.00
Gloucestershire	£27,000.00	£18,000.00	£18,000.00		£9,000.00	£2,700.00
Hampshire	£28,967.00	£17,379.00	£17,379.00		£17,634.00	£9,030.00
Kent	£42,109.00	£27,370.00	£27,370.00	£12,632.00	£13,878.00	£7,367.00
Lancashire	£28,953.00	£20,267.00	£15,924.00	£7,962.00		
Northamptonshire	£32,192.00	£21,126.00	£19,114.00	£5,030.00	£15,090.00	£4,024.00
Suffolk	£25,684.35	£17,979.05	£15,410.61	£5,136.87	£12,842.18	£5,136.87
Warwickshire	£22,476.00	£13,486.00	£10,023.00		£5,386.00	£2,693.00
Worcestershire	£31,074.47	£16,499.71	£16,499.71			

Lowest	£22,476.00	£13,486.00	£10,023.00	£5,030.00	£5,386.00	£2,693.00
Highest	£53,500.00	£40,125.00	£35,310.00	£13,375.00	£21,680.00	£10,840.00
Mean average	£32,439.54	£21,359.08	£19,447.81	£8,827.17	£13,644.31	£5,970.12

Authority	Health & Wellbeing Board or Health, Overview & Scrutiny Chairman	Planning Committee or Development Control Chairman	Regulation Committee Chairman	Scrutiny Chairman	Committee Chairman	Audit & Governance Committee Chair	Committee Deputy Chairman	Committee Vice-Chairman	Champion/ Panel Members
Essex				£16,050.00	£13,375.00				
Gloucestershire		£5,400.00		£5,400.00	£5,400.00	£5,400.00			
Hampshire	£14,433.00		£11,586.00		£11,586.00	£5,792.00		£2,901.00	
Kent	£7,367.00	£9,268.00	£9,268.00	£7,367.00	£7,367.00	£7,367.00			
Lancashire	£7,238.00	£8,686.00	£7,239.00		£7,238.00	£2,895.00	£3,402.00		£5,067.00
Northamptonshire		£11,066.00		£11,066.00	£10,060.00		£2,012.00		£4,024.00
Suffolk	£7,705.31				£5,136.87				
Warwickshire	£5,368.00	£5,368.00	£5,368.00		£4,185.00		£2,000.00	£2,693.00	
Worcestershire	£16,499.71	£9,734.84	£9,734.84	£9,734.84	£9,734.84				

Lowest	£5,368.00	£5,368.00	£5,368.00	£5,400.00	£4,185.00	£2,895.00	£2,000.00	£2,693.00	£4,024.00
Highest	£16,499.71	£11,066.00	£11,586.00	£16,050.00	£13,375.00	£7,367.00	£3,402.00	£2,901.00	£5,067.00
Mean average	£9,768.50	£8,253.81	£8,639.17	£9,923.57	£8,231.41	£5,363.50	£2,471.33	£2,797.00	£4,545.50

Authority	Leader of the Majority Group	Deputy Leader of the Majority	Main Group Whip or Group Business	Main Group Secretary	Main Opp Leader	Main Opp Deputy Leader	Main Opp Whip or Group Business	Main Opp Secretary	Main Opp Spokesperson	Main Opp Deputy Shadow	Minor Opposition Leader	Minor Opp Deputy Leader	Minor Opp Whip	Minor Opp Secretary	Minor Opp Spokesperson	2nd Minor Opp Leader	2nd Minor Opp Deputy Leader
Essex					£5,350.00						£5,350.00					£5,350.00	
Gloucestershire					£5,850.00				£1,500.00		£3,510.00						
Hampshire					£11,214.00						£8,911.00					£7,266.00	
Kent					£4,816.00	£2,500.00			£1,400.00	£700.00	£6,316.00	£2,000.00			£800.00	£6,210.66	£3,105.34
Lancashire			£4,343.00	£3,434.00	£15,924.00	£7,962.00	£2,895.00	£2,895.00			£8,686.00	£4,343.00	£1,448.00	£1,448.00			
Northamptonshire			£10,060.00		£15,090.00	£8,048.00	£4,024.00				£7,042.00						
Suffolk	£20,033.79	£15,025.34			£7,705.31	£5,778.98			£3,051.61		£4,623.18	£3,467.39				£4,109.50	£3,082.12
Warwickshire						£7,777.00					£4,667.00					£500.00	
Worcestershire					£9,734.84												
Lowest	£20,033.79	£15,025.34	£4,343.00	£3,434.00	£4,816.00	£2,500.00	£2,895.00	£2,895.00	£1,400.00	£700.00	£3,510.00	£2,000.00	£1,448.00	£1,448.00	£800.00	£500.00	£3,082.12
Highest	£20,033.79	£15,025.34	£10,060.00	£3,434.00	£15,924.00	£8,048.00	£4,024.00	£2,895.00	£3,051.61	£700.00	£8,911.00	£4,343.00	£1,448.00	£1,448.00	£800.00	£7,266.00	£3,105.34
Mean average	£20,033.79	£15,025.34	£7,201.50	£3,434.00	£9,460.52	£6,413.20	£3,459.50	£2,895.00	£1,983.87	£700.00	£6,138.15	£3,270.13	£1,448.00	£1,448.00	£800.00	£4,687.23	£3,093.73
NOTES:	Warwickshire	Conservative group spokespersons to be determined by the group leader and notified to the council from a total allocation of £14,000. Liberal Democrat group spokespersons and Labour group spokespersons have an allocation of £1,000 x number in their group to be allocated as determined by the group leader and notified to the council.															

**Appendix 7:
Members' Allowances Scheme**

For the period 1 June 2014 to 31 May 2015

Adopted by the Council on 15 May 2014

BASIC ALLOWANCE - £12,805 per annum (inclusive of an element for routine subsistence expenditure on KCC duties).

SPECIAL RESPONSIBILITY ALLOWANCES

	%	£
Executive		
Leader	100	42,109
Cabinet Members (maximum 9)	65	27,370
Deputy Cabinet Members (maximum 11)	30	12,632
Cabinet Committee Chairman (maximum 6)	17.5	7,367
Council		
Council Chairman	33	13,878
Council Vice-Chairman	17.5	7,367
Planning Applications Committee Chairman	22	9,268
Regulation Committee Chairman	22	9,268
Other Committee Chairmen (a)	17.5	7,367
Scrutiny Committee Chairman	17.5	7,367
Select Committee Chairmen (for period of review)	17.5	7,367
Opposition		
Leader of each Opposition Group (of at least five members)	15	6,316 plus £500 for each additional Group Member

Notes:

- (a) Other Committee Chairmen: Governance & Audit, Health Overview & Scrutiny and Superannuation Fund.
- (b) No Member to receive more than one Special Responsibility Allowance.
- (c) No other allowance to be payable.

TRAVEL EXPENSES

Travel by private vehicles will be reimbursed at the rates set for tax allowance purposes by the Inland Revenue for business travel. Currently, these are 45p per mile for the first 10,000 miles and 25p a mile thereafter.

Parking fees, public transport fares and any hotel expenses will be reimbursed at cost, but only on production of a valid ticket or receipt - the cheapest available fare for the time of travel should normally be purchased.

Taxi fares will only be reimbursed on production of a valid receipt and if use of public transport or the Member's own car is impracticable

Travel expenses will be reimbursed for any journey on council duties between premises as agreed for tax purposes (normally excluding journeys to constituents' homes).

VAT receipts for fuel must always be provided to accompany Members' expense claims and any instructions issued by the Director of Governance and Law in relation to the submission of expense claims complied with.

Air travel and rail travel other than to/from London or within Kent should be booked through officers to enable use of discounting arrangements.

Journeys undertaken in accordance with the following descriptions are allowed to be claimed for:

- (a) attendance at KCC premises to undertake KCC business, including attendance at Council, Cabinet and Committees, etc (including group meetings) and to undertake general Member responsibilities;
- (b) representing KCC at external meetings, including Parish and Town Councils and those of voluntary organisations where the member is there on behalf of KCC;
- (c) attendance at events organised by KCC and/or where invitations have been issued by County Officers or Members (including Chairman's events and other corporate events); and
- (d) attendance at meetings/events where the Member is an official KCC representative (as determined by the Selection and Member Services Committee) or requested by the Leader or the relevant Cabinet Member.

SUBSISTENCE EXPENSES

These are not normally reimbursed. Hotel accommodation should be booked through officers. Any other reasonably unavoidable costs related to overnight stays, excluding normal subsistence, will be reimbursed on production of a receipt.

DEPENDENTS' CARERS' ALLOWANCE

Members who incur expenses themselves in respect of care responsibilities for dependent children under 16 or dependent adults certified by a doctor or social worker as needing attendance will be reimbursed, on production of valid receipts, for actual payments to a carer while the Member is on Council duties, up to a maximum of £10 per hour for each dependent child or adult. Money paid to a member of the Members' household will not be reimbursed. In

the case of an allowance for the care of a dependent relative, the relative must reside with the councillor, be dependent on the councillor and require constant care.

PENSIONS

Members are not eligible for admission to the superannuation scheme.

CO-OPTED MEMBERS

An allowance is payable to the Independent Person of £500 per annum plus a daily rate of £100 (pro rata for part of a day). An allowance is paid to the members of the Independent Remuneration Panel of £100 per day.

ELECTION TO FORGO ALLOWANCES

In accordance with Regulation 13 of the Local Authorities (Members' Allowances) (England) Regulations 2003, any Member may elect to forgo all or any part of their entitlement to allowances, by notice in writing to the Head of Democratic Services.

SUBMISSION OF CLAIMS

In accordance with Regulation 14 of the Local Authorities (Members' Allowances) (England) Regulations 2003, the time limit for the submission of claims relating to travel, subsistence, co-optees and dependent carers allowances is four months from the date the expense was incurred.

NO OTHER ALLOWANCES ARE PAYABLE

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