
Informal Consultative Meeting of Audit Committee

Thursday 30th June 2022

10.00 am

A virtual meeting via Zoom Meeting Software

The following members are requested to attend this meeting:

Chairman: Martin Carnell
Vice-chairman: Mike Hewitson

Robin Bastable
Mike Best
Dave Bulmer

Brian Hamilton
Tim Kerley
Paul Maxwell

Colin Winder
Tony Lock
Derek Yeomans (IM)

Any members of the public wishing to address the meeting at Public Question Time need to email democracy@southsomerset.gov.uk by 9.00am on Wednesday 29th June 2022.

The meeting will be viewable online by selecting the committee meeting at:
https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF_soA

For further information on the items to be discussed, please contact
democracy@southsomerset.gov.uk

This Agenda was issued on Wednesday 22 June 2022.

Jane Portman, *Chief Executive Officer*

This information is also available on our website
www.southsomerset.gov.uk and via the mod.gov app

Information for the Public

In light of the coronavirus pandemic (COVID-19), Audit Committee will meet virtually via video-conferencing to consider reports. As of 7 May 2021 some interim arrangements are in place for committee meetings.

At the meeting of Full Council on 15 April 2021 it was agreed to make the following changes to the Council's Constitution:

- a) To continue to enable members to hold remote, virtual meetings using available technology;
- b) To amend Part 3 (Responsibility for Functions) of the Council's Constitution to allow those remote meetings to function as consultative bodies and delegate decisions, including Executive and Quasi-Judicial decisions, that would have been taken by those meetings if the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 had continued in force to the Chief Executive (or the relevant Director in the Chief Executive's absence) in consultation with those meetings and those members to whom the decision would otherwise have been delegated under Part 3 of the Constitution;
- c) The delegated authority given under (b) will expire on 31 July 2021 unless continued by a future decision of this Council;

For full details and to view the report please see -

<https://modgov.southsomerset.gov.uk/ieListDocuments.aspx?CId=137&MId=2981&Ver=4>

Further to the above, at the meeting of Full Council on 8 July 2021, it was agreed to extend the arrangements for a further 6 months to 8 January 2022. For full details and to view the report please see -

<https://modgov.southsomerset.gov.uk/ieListDocuments.aspx?CId=137&MId=3033&Ver=4>

Further to the above, at the meeting of Full Council on 16 December 2021, it was agreed to extend the arrangements for a further 6 months to 8 July 2022 for all meetings apart from Full Council - Full Council will be in person. For full details and to view the report please see -

<https://modgov.southsomerset.gov.uk/ieListDocuments.aspx?CId=137&MId=2991&Ver=4>

Information about Audit Committee

Statement of purpose

Our audit committee is a key component of South Somerset District Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our audit committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of South Somerset District Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Terms of Reference of the Audit Committee are (as revised and agreed at Full Council in March 2022):

1. Governance, risk and control

- 1.1 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 1.2 To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 1.3 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 1.4 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 1.5 To monitor the effective development and operation of risk management in the council.
- 1.6 To monitor progress in addressing risk-related issues reported to the committee.
- 1.7 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 1.8 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 1.9 To monitor the counter-fraud strategy, actions and resources.
- 1.10 To review the governance and assurance arrangements for significant partnerships or collaborations.

2. Internal audit

- 2.1 To approve the internal audit charter.
- 2.2 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 2.3 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 2.4 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 2.5 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 2.6 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
- 2.7 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - b) regular reports on the results of the QAIP
 - c) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- 2.8 To consider the head of internal audit's annual report:
 - a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.

- b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.

- 2.9 To consider summaries of specific internal audit reports as requested.
- 2.10 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 2.11 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 2.12 To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations (see Appendix A).
- 2.13 To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

3. External audit

- 3.1 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- 3.2 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 3.3 To consider specific reports as agreed with the external auditor.
- 3.4 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 3.5 To commission work from internal and external audit.
- 3.6 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

4. Financial reporting

- 4.1 To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 4.2 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- 4.3 To review and recommend to Council changes to Financial Procedure Rules and Procurement Procedure Rules.

5. Treasury Management

- 5.1 To provide a scrutiny role in Treasury Management matters including regular monitoring of treasury activity and practices.
- 5.2 The committee will also review and recommend the Annual Treasury Management Strategy Statement and Investment Strategy, MRP Strategy, and Prudential Indicators to Council.

6. Accountability arrangements

- 6.1 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- 6.2 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- 6.3 To publish an annual report on the work of the committee.

Members questions on reports prior to the Meeting

Members of the Committee are requested to contact report authors on points of clarification prior to the Committee meeting.

Audit Committee

Meetings of the Audit Committee are usually held bi-monthly including at least one meeting with the Council's external auditor, although in practice the external auditor attends more frequently. However during the coronavirus pandemic these meetings will be held remotely via Zoom video-conferencing and the starting time may vary.

Agendas and minutes of this committee are published on the Council's website at <http://modgov.southsomerset.gov.uk/ieDocHome.aspx?bcr=1>

Agendas and minutes can also be viewed via the mod.gov app (free) available for iPads and Android devices. Search for 'mod.gov' in the app store for your device, install, and select 'South Somerset' from the list of publishers and then select the committees of interest. A wi-fi signal will be required for a very short time to download an agenda but once downloaded, documents will be viewable offline.

Public participation at meetings (held via Zoom)

Public question time

We recognise that these are challenging times but we still value the public's contribution to our virtual meetings.

If you would like to address the virtual meeting during Public Question Time, please email democracy@southsomerset.gov.uk by 9.00am on Wednesday 29th June 22. When you have registered, the Chairman will invite you to speak at the appropriate time during the virtual meeting.

The period allowed for participation in Public Question Time shall not exceed 15 minutes except with the consent of the Chairman and members of the Committee. Each individual speaker shall be restricted to a total of three minutes.

This meeting will be streamed online via YouTube at:
https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF_soA

Virtual meeting etiquette:

- Consider joining the meeting early to ensure your technology is working correctly.
- Please note that we will mute all public attendees to minimise background noise. If you have registered to speak during the virtual meeting, the Chairman or Administrator will un-mute your microphone at the appropriate time. We also respectfully request that you turn off video cameras until asked to speak.
- Each individual speaker shall be restricted to a total of three minutes.
- When speaking, keep your points clear and concise.
- Please speak clearly – the Councillors are interested in your comments.

Recording and photography at council meetings

Recording of council meetings is permitted, however anyone wishing to do so should let the Chairperson of the meeting know prior to the start of the meeting. The recording should be overt and clearly visible to anyone at the meeting, but non-disruptive. If someone is recording the meeting, the Chairman will make an announcement at the beginning of the meeting. If anyone making public representation does not wish to be recorded they must let the Chairperson know.

The full 'Policy on Audio/Visual Recording and Photography at Council Meetings' can be viewed online at:

<http://modgov.southsomerset.gov.uk/documents/s3327/Policy%20on%20the%20recording%20of%20council%20meetings.pdf>

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Informal Consultative Meeting of Audit Committee

Thursday 30 June 2022

Agenda

Preliminary Items

1. Minutes

To approve as a correct record the minutes of the previous meeting held on May 26th 2022.

2. Apologies for absence

3. Declarations of Interest

In accordance with the Council's current Code of Conduct (as amended 26 February 2015), which includes all the provisions relating to Disclosable Pecuniary Interests (DPI), personal and prejudicial interests, Members are asked to declare any DPI and also any personal interests (and whether or not such personal interests are also "prejudicial") in relation to any matter on the agenda for this meeting.

4. Public question time

5. Date of next meeting

Councillors are requested to note that the next Audit Committee meeting is scheduled to be held at 10.00am on 28th July 2022.

Items for Discussion

6. 2021/22 Internal Audit Annual Opinion Report (Pages 8 - 23)

7. 2021/22 Treasury Management Performance Outturn Report (Pages 24 - 47)

8. Annual Whistleblowing Update 2021/22 (Pages 48 - 59)

9. Annual review of Treasury Management Practices for 2022-23 (Pages 60 - 101)

10. Proposed changes to Financial Procedures Rules for 2022-23 (Pages 102 - 134)

11. Audit Committee Forward Plan (Pages 135 - 138)

Internal Annual Opinion Report 2021-22

SWAP CEO

Lead Officer:

Contact Details:

David Hill – Chief Executive SWAP

Alastair Woodland – Assistant Director

Alastair.woodland@southsomerset.co.uk

Purpose of the Report

This report provides an update on the position of the Internal Audit Plan at the end of 2021/22 and also provides Internal Audit's overall 'Opinion' on the systems of governance, risk management and internal control at South Somerset District Council.

Public Interest

The Head of Internal Audit (SWAP Assistant Director) should provide a written annual report to those charged with governance to support the Authority's Annual Governance Statement (AGS).

Recommendations

1. Members are asked to note the Annual Opinion on the effectiveness of governance, risk management and internal control in the delivery of SSDC objectives.

Background

The Audit Committee agreed the original 2021/22 Internal Audit Plan at its March 2021 meeting, with progress updates provided during the year.

This report summarises the work of the Council's Internal Audit Service and provides:

- A summary of the key risks that were identified during the 2021/22 financial year.
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.

The Audit Opinion for 2021/22 is contained within the attached SWAP report.

Report Detail

Please refer to the attached SWAP Annual Opinion Report 2021-22

Financial Implications

There are no financial implications associated with these recommendations.

Council Plan Implications

Delivery of corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, SWAP Internal Audit Services.

Carbon Emissions and Climate Change Implications

There are no implications arising from this report.

Equality and Diversity Implications

There are no implications arising from this report.

Background Papers

- Internal Audit Plan and Charter 2020-21 March 2021
 - Internal Audit Progress Update Report July 2021
 - Internal Audit Progress Update Report October 2021
 - Internal Audit Progress Update Report February 2022
 - Internal Audit Outturn Report May 2022
-

South Somerset District Council

Internal Audit Annual Opinion Report 2021/22

Page 10

Internal Audit Annual Opinion – 2021/22: 'At a Glance'

Annual Opinion



There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

- Medium risk rated weaknesses identified in individual audit engagements
- Isolated high risk related weaknesses identified for isolated issues
- No critical risk rated weaknesses identified
- Internal Audit is broadly satisfied with management's approach to resolving identified issues

The Headlines



Key area to focus on: **Lufton Depot** – culture and code of conduct area for improvement with a total of 14 priority two recommendations for improvement.



Key area to focus on: **Regeneration Project Governance** – A number of lessons for improvement identified during 201-22. As reported to Audit Committee May 2022 Management have rolled out new governance arrangements.



19 reviews included in the 2021/22 Internal Audit Plan.

Includes assurance, advisory and follow up reviews (17 final/complete and 2 in progress). Reduced number of audits due to time spent on Lufton Depot.



Implementation of agreed actions from Follow up work

New recommendation tracking database up and running.



Internal Audit staff supporting on the preparation work for LGR in Somerset

Attending meetings with workstream leads to support in identifying potential areas for audit work. Identifying lessons learnt from previous LGRs and providing advice on workstream delivery.

Internal Audit Assurance Opinions

	20/21	21/22
Substantial	3	0
Reasonable	6	3
Limited	4	1
No Assurance	0	0
Advisory	13	10
Follow Up	2	3
Total	28	17

Internal Audit Agreed Actions 2021-22

	20/21	21/22
Priority 1	0	0
Priority 2	16	20
Priority 3	23	12
Total	39	32



SWAP
INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.



Purpose

The Head of Internal Audit (SWAP Assistant Director) should provide a written annual report to those charged with governance to support the Authority's Annual Governance Statement (AGS). This report should include the following:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment, including an evaluation of the following:
 - the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities;
 - whether the information technology governance of the organisation supports the organisation's strategies and objectives;
 - the effectiveness of risk management processes; and
 - the potential for the occurrence of fraud and how the organisation manages fraud risk.
- Disclose any qualifications to that opinion, together with the reasons for the qualification.
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.
- Compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria.
- Comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.

Executive Summary

Three Lines Model

To ensure the effectiveness of an organisation's risk management framework, the Audit and Governance Committee and senior management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

- the first line – functions that own and manage risk.
- the second line – functions that oversee or specialise in risk management, compliance.
- the third line – functions that provide independent assurance.

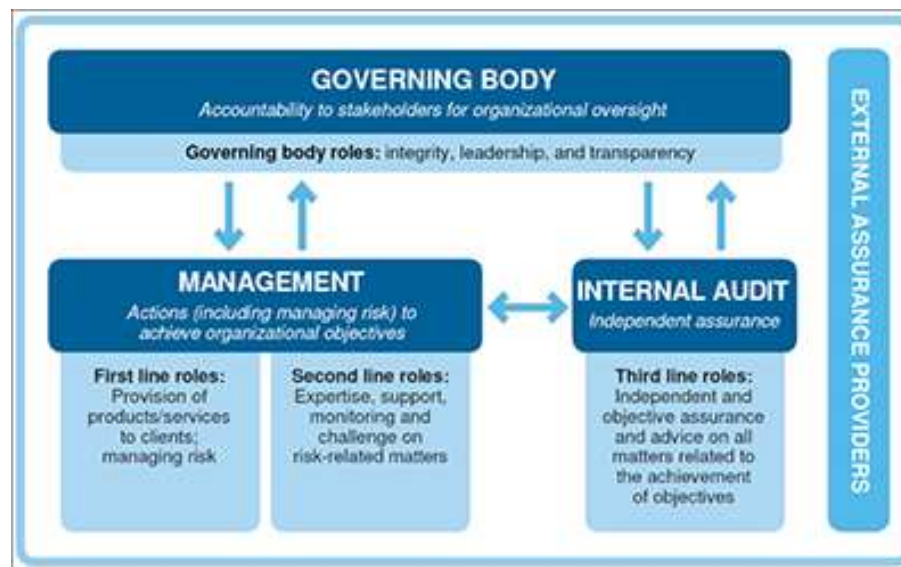


Background

The Internal Audit service for South Somerset District Council is provided by SWAP Internal Audit Services. The team's work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the 2021/22 year.

The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines model shown below.



Internal Audit Annual Opinion 2021/22

The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.



Annual Opinion

On the balance of our 2021/22 audit work for South Somerset District Council, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.

Opinions are a balanced reflection across the year and not a snapshot in time. In forming this opinion, the following sources of information have been used:

- Completed audits which evaluate risk exposures relating to the organisation's governance, operations and information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.
- Observations from consultancy/advisory support.
- Follow up of previous audit activity, including agreed actions.
- Grant certification work.
- Assurances from other providers, including third parties, regulator reports etc.

Audit work has been planned to ensure that sufficient assurance will be available to support the annual opinion. The professional requirements of PSIAS have remained unchanged and in line with these, new audit priorities to cover the risks from the ongoing impact of COVID-19 and Local Government Reorganisation have been agreed throughout the year and that work supports the annual opinion.

In terms of breadth of coverage, audit work has been performed across the Council's key services and in relation to its strategic risks where possible. A summary of audit work carried out against the Council's risks are summarised in table 1 below. It must be noted that it is not possible to cover all key risks in any one year but to provide coverage over the medium term. It must also be recognised coverage is not comparable to previous 'normal' years with resources directed to the Lufton Depot piece of work and the impact from Covid.

Plan Performance 2021/22

The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.

Annual Opinion

Whilst the agreed internal audit plan forms the basis of the annual opinion, we have not been able to complete work around the commercial investments and in particularly Opium. Therefore, I would highlight commercial investments as a limitation area to our opinion from the agreed audit plan.

Summary of Audit Work 2021/22

Internal audit coverage should be aligned to key corporate priorities and key corporate risks.

The South Somerset District Council Risk Register is a live document and subject to change throughout the year as the risk environment that SSDC operates in changes. Therefore, this table reflects a summary of coverage against shifting priorities throughout the year in terms of corporate and operational risks.



Audit Coverage by Corporate Risk

Table 1: Audit Coverage by Corporate Risk

Table Key	Reasonable internal audit coverage 2021-22	Partial internal audit coverage 2021-22	No internal audit coverage 2021-22
Corporate Risk	Cover	Corporate Risk	Cover
Increasing numbers of public needing our services		Lower Business Rates Income than anticipated	
COVID-SSDC not being prepared for Business continuity issues/civil contingency enactment		Risk of deterioration in quality of working being delivered by staff	
Failures in compliance and practice – H&S		Loss of stakeholder support to projects	
Poor implementation/failure of H&S framework		Failure to deliver statutory functions	
Poor/partial planning and execution of strategic priority projects		Potential lack of organisational capacity to deliver key objectives	
Members lose engagement & focus on strategic priorities post-election during LGR		Further local/national pandemic restrictions impact daily council business	
Lack of change readiness/resilience by staff to the LGR transition period		Ineffective/inadequate delivery to customers through partnerships	
Staff morale/wellbeing affected by organisational pressures and LGR		Failure in statutory compliance and practice - equalities	
Covid - Supply Chain issues impacting the costs and delivery of materials and services		Failure in compliance and practice - Information Governance	
Lack of organisational knowledge base on projects		Risk of failing to retain staff	
LGR programme creates tensions shifting priorities/tensions between BAU & LGR		Risk of officer or member inducement, bribery or corruption	
Risk to confidentiality, integrity or availability of information assets due to malicious activity or user error		Reputational damage if regeneration projects are not delivered/proposed changes are not well presented	
Governance/decisions on use of public money		Reputational harm due to all ongoing issues	
Borrowing costs increase pressure on budgets		Failure to comply with corporate procedures	
Increase in inflation risking cost overspends		Inability to recruit to resourcing needs	
External project funding is less than anticipated		Financial system risks	
Management of financial/commercial investments			

Definitions of Corporate Risk

High Risk

Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Medium Risk

Issues which should be addressed by management in their areas of responsibility.

Low Risk

Issues of a minor nature or best practice where some improvement can be made.



Significant Corporate Risks

Our audits examine the controls that are in place to manage the risks that are related to the area being audited. We assess the risk at a 'Corporate' level once we have tested the controls in place. Where the controls are found to be ineffective and the 'Corporate risk' as 'High' these are brought to the Audit Committees attention. For those audits which have reached report stage through the year, we have assessed the following risks as 'High'.

Review Name / Risks
Lufton Depot Investigation / Weaknesses in workplace culture and code of conduct

Summary of Limited Assurance Audits

Audit Name	Risk Rating	Priority Findings		
		1	2	3
Council Tax & NNDR	Medium	-	4	1
Chard Regeneration Lessons Learned	Medium	18 lessons across five Key theme areas for improvement		
Lufton Depot Investigation Controls Report	N/A	0	14	0

Note all these audits have been reported throughout 2021-22 to the Audit Committee.

Summary of Audit Work 2021/22

At the conclusion of an audit assignment each review is awarded an Audit Assurance Opinion:

- **Substantial** - A sound system of governance, risk management and control exists.
- **Reasonable** - Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.
- **Limited** - Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives.
- **None** - The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives.



Summary of Audit Opinion

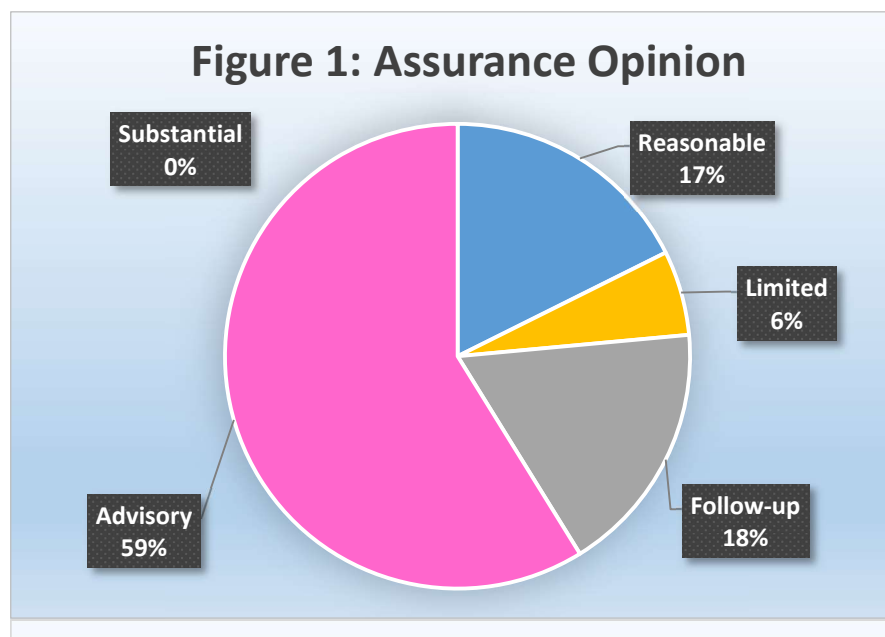


Figure 1 above indicates the spread of assurance opinions across our work during the past year (2021-22). Due to Covid-19 more time has been spent on 'Advisory' work.

Summary of Audit Work 2021/22

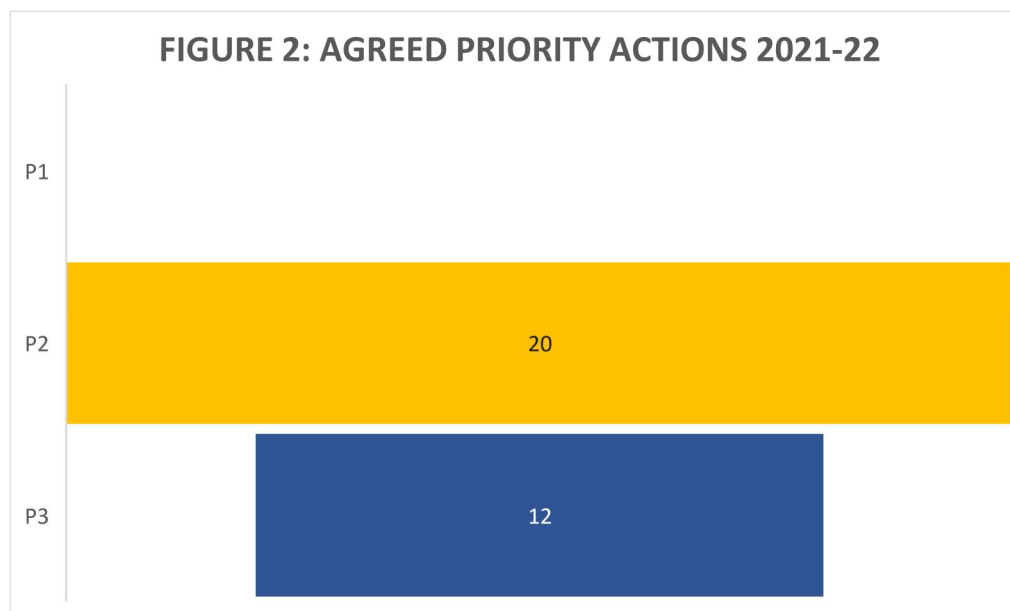
SWAP Performance - Summary of Audit Actions by Priority

We rank our actions on a scale of 1 to 3, with 3 being medium or administrative concerns to 1 being areas of major concern requiring immediate corrective action



Priority Actions

FIGURE 2: AGREED PRIORITY ACTIONS 2021-22



A number of advisory reviews do not have priorities rating recommendations, such as grant certification and lessons learned.

Plan Performance 2021/22

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).



SWAP Performance

SWAP's performance is subject to regular monitoring and review by both the SWAP Board of Directors and the Owners Board. The respective outturn performance results for SSDC for the 2021/22 year are as follows:

Performance Target	Average Performance
<u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion > 90% In progress/Review Yet to complete	90% 10% 0%
<u>Customer Satisfaction Questionnaire</u> Feedback Target > 95%	100%

SWAP work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Under these standards we are required to be independently externally assessed at least every five years to confirm compliance to the required standards. SWAP was recently assessed in February 2020 and confirmed that we are in conformance to PSIAS.

Attribute Standard 1300 of the IPPF requires Heads of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QA&IP). Standard 1310 continues this dual aspect by stating that the programme must include both internal and external assessments. This acknowledges that high standards can be delivered by managers, but it also implies that improvements can be further developed when benchmarking is obtained from outside the organisation and the internal audit function. Following our External Assessment, we have pulled together our QA&IP and included additional improvements and developments identified internally that we want to make, as aligned to SWAP's Business Plan. The QA&IP is a live document and will be regularly reviewed by the SWAP Board to ensure continuous improvement and delivery on our actions.

Summary of Internal Audit Work 2021/22

Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major	↔	3 = Minor	Comments
					Recommendation			
					1	2	3	
Completed Work								
Advisory	Fraud Risk Assessment	Final	Advisory	0	0	0	0	
Assurance	Boden Mill & Chard Regeneration Scheme Accounts Review	Final	Advisory	0	0	0	0	
Assurance	Growth Deal Capital Expenditure Certification	Final	Advisory	0	0	0	0	
Assurance	Yeovil Cemetery & Crematorium Annual Accounts	Final	Advisory	1	0	0	1	
Assurance	Patch Management	Final	Reasonable	2	0	0	2	
Assurance	Procurement	Final	Reasonable	4	0	1	3	
Assurance	Homelessness Follow Up	Final	Follow Up (Advisory)	5	0	3	2	Relates to outstanding recommendations raised in 2020-21
Assurance	Chard Regeneration Project – Lessons Learnt	Final	Advisory	-	-	-	-	No formal recommendation raised but lessons learnt have been captured for future work.
Grant Certification	Green Homes Grant	Final	Grant Certification	-	-	-	-	
Confidential matter	Lufton Depot	Final	Advisory	14	-	14	-	Review includes separate controls assurance report.
Assurance	Project Governance Regeneration Projects Follow Up	Final	Follow Up (Advisory)	3	-	2	1	Two recommendations complete. 1 P2 and 1 P3.
Assurance	Covid-19 - External Recovery plan	Final	Advisory	4	-	1	3	

Summary of Internal Audit Work 2021/22

Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major	↔	3 = Minor	Comments
					Recommendation			
					1	2	3	
Assurance	Council Tax & NNDR	Final	Limited	5	-	4	1	
Assurance	Debtors	Final	Reasonable	3	-	-	3	
Advisory	Audit Committee Terms of Reference Support	Final	Advisory	-	-	-	-	
Advisory	ICT & Digital Minimum Viable Products (MVP)	Final	Advisory	-	-	-	-	
Assurance	NEW: S106 Follow up Audit	Final	Follow Up	2	-	2	-	
Reporting								
Advisory	NEW: Unitary lessons Learned	Drafting	Advisory					
In Progress								
Assurance	Opium arrangements	In Progress						
Fraud, Corruption and Governance	Commercial investments	In Progress						
Deferred (moved to rolling schedule of Audits) or Removed (no longer risk/area to audit)								
Fraud, Corruption and Governance	Complaint Procedures	Deferred	Reported to Audit Committee July 2021					
ICT	Incident management or Information Security (IS)	Deferred	Reported to Audit Committee October 2021					
Follow Up	Income Generation Follow up	Removed	Separate update on recommendations to be provided from management					

Summary of Internal Audit Work 2021/22

Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major	↔	3 = Minor	Comments
					Recommendation			
					1	2	3	
Operational	Health & Safety Framework	Deferred	Reported to Audit Committee October 2021					
Key Control	Housing Benefit	Deferred	Reported to Audit Committee October 2021					
Fraud, Corruption and Governance	Covid-19 - Financial Impacts and Lessons learned	Removed	Reported to Audit Committee October 2021					
Fraud, Corruption and Governance	Restart Grants – Bank Account Check	Removed	Reported to Audit Committee July 2021					
Fraud, Corruption and Governance	Planning policy Change - Phosphate	Deferred	Reported to Audit Committee July 2021					
Fraud, Corruption and Governance	Decarbonisation Grant	Deferred	Reported to Audit Committee July 2021					
Assurance	User Access Management arrangements	Deferred	Reported to Audit Committee May 2022					
Assurance	Covid-19 Discretionary grants	Deferred	Reported to Audit Committee May 2022					
Grant Certification	Covid-19 Grants – Post Payment Assurance Restart Grant	Deferred	Reported to Audit Committee May 2022					
Grant Certification	NEW: Decarbonisation Grant CIA Sign-Off	Deferred	Reported to Audit Committee May 2022					
Grant Certification	NEW: Decarbonisation Grant CIA Sign-Off	Deferred	Reported to Audit Committee May 2022					



2021/22 Treasury Management Performance Outturn Report

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
SLT Lead: Karen Watling, Chief Finance Officer
Lead Officer: Paul Matravers, Lead Specialist – Finance
Contact details: Paul.matravers@southsomerset.gov.uk

Purpose of the Report

1. To review the treasury management activity and the performance against the Prudential Indicators for the 2021/22 financial year as prescribed by the CIPFA Code of Practice and in accordance with the Council's Treasury Strategy, Annual Investment Policy and Treasury Management Practices.

Forward Plan

2. This report appeared on the Audit Committee Forward Plan with an anticipated Committee date of 29th June 2022.

Public Interest

3. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services Code of Practice requires the Council to approve an annual Treasury Management Strategy and, report treasury performance mid-year and at the year end.

Recommendations

4. The Audit Committee is recommended to:
 - Note the Treasury Management Activity for the 2021/22 financial year;
 - Note the position of the individual prudential indicators for the 2021/22 financial year;
 - Note the outlook for the investment performance in 2021/22;
 - Note the Council operated within all of the Prudential Indicators during 2021/22;
 - Recommend the 2021/22 Treasury Management Activity Report to full Council.

Introduction and Background

5. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, produce a six month



and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. The Council reports six monthly to Full Council against the strategy approved for the year. The scrutiny of treasury management policy, strategy and activity is delegated to the Audit Committee.

6. Full Council approved the Council's 2021/22 Treasury Management Strategy on 6 February 2020. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.
7. The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 25 February 2021.
8. Overall responsibility for treasury management remains with the Council. The day to day treasury management operation is delegated to the S151 Officer and is undertaken by the Finance function which is part of Strategy and Support Services. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.
9. This report provides information on the performance of the Council's Treasury Investments in 2021/22. The performance of the Council's Commercial Investments, which are part of the Commercial Strategy, are not included in this report.

Revised CIPFA Codes, Updated PWLB Lending Facility Guidance

10. In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.
11. CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

12. The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements until the 2023/24 financial year if they wish.
13. To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the CFR unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.
14. Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.
15. Unlike the Prudential Code, there is no mention of the date of initial application in the Treasury Management Code. The TM Code now includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version.
16. The Council will follow the same process as the Prudential Code, i.e. delaying changes in reporting requirements to the 2023/24 financial year.

Treasury Management Position - Summary

17. The treasury management position at 31st March 2022 and the change during the year is shown in the table below.

	31/03/2021 Balance £000's	Net Movement £000's	31/03/2022 Balance £000's
Long-term borrowing	-	-	-
Short-term borrowing	(98,000)	(30,500)	(128,500)
Total Borrowing	(98,000)	(30,500)	(128,500)
Long-term Investments	2,000	(2,000)	-
Short-term Investments	-	16,550	16,550
Cash and Cash Equivalents	23,980	(0,480)	23,500
Total Investment	25,980	14,070	40,050
Net Position	(72,020)	(16,430)	(88,450)



18. External borrowing has increased during the year, reflecting the financing of planned capital expenditure. The advice received for the year from our Treasury advisers given the interest rates prevailing and the creation of a new unitary council was to continue to use short term borrowing which is flexible and keeps the Council's borrowing costs low. The projected value of external borrowing as at 31 March 2022 was reported to Full Council in March 2022 in the Annual Treasury Management Strategy report.
19. The amount of external borrowing is dependent on the level of capital expenditure incurred in the financial year along with other in and outgoing cash flow requirements. Short-term borrowing continues to be the best option to meet the financing requirement.
20. Ongoing dialogue is held with the Council's Treasury advisors on the best borrowing options available. The current advice being to continue to borrow short term at present. The Council may however utilise long term borrowing (as part of the current strategy) in 2022/23 if it is deemed the best option, which will also remove an element of interest rate risk. Any long-term borrowing that exceeds £5m and exceeds 365 days will, under the Section 24 Direction, now need the specific consent of the County Council S151 Officer.

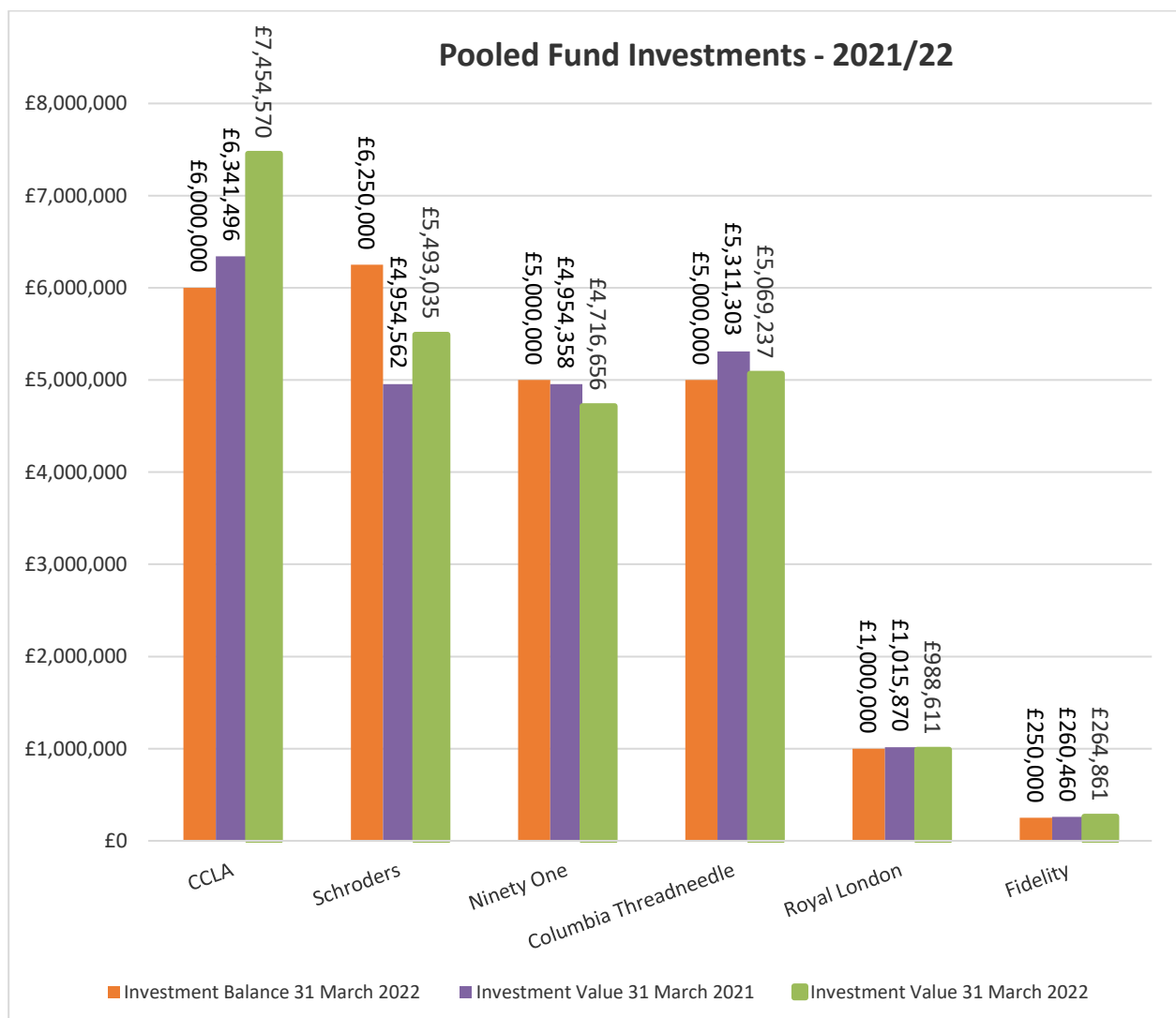
Investment Activity

21. CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
22. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2021/22, the Council's investment balance ranged between £23 million and £48 million. The average investment balance in 2021/22 was between £30m and 32m.
23. Both the CIPFA Code and Government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
24. Ultra low short-dated cash rates, which were a feature since March 2020 when Bank Rate was cut to 0.1%, prevailed for much of the 12-month reporting period which resulted in the return on sterling low volatility net asset value (LVNAV) Money Market Funds being close to zero even after some managers have temporarily waived or lowered their fees. However, higher returns on cash



instruments followed the increases in Bank Rate in December 2021, February 2022 and March 2022.

25. Similarly, deposit rates with the Debt Management Account Deposit Facility (DMADF) initially remained very low with rates ranging from 0% to 0.1%, but following the rises policy rates increased to between 0.55% and 0.85% depending on the deposit maturity.
26. The Council's best performing investments continue to be the investments in the Pooled Funds (Strategic Investments). Details of the investment balance as at 31 March 2022 and the value of each investment at the same date is detailed in the chart below.



Note: Pooled fund investments are revalued at the end of the financial year to reflect the fair value of the investment; the third bar in the graph signifies this value and details the investment value as at 31 March 2022. The first bar represent the investment balance in each fund at that date.

Pooled Fund Investments 2021/22

27. The table below includes the closing investment balance for each pooled fund investment and the opening and closing investment value. There were no changes to the investment balance for pooled fund investments in 2021/22 with the total investment remaining at £23.5m as at 31 March 2022. The investment fair value signifies the individual value of the investments after the year end revaluation.

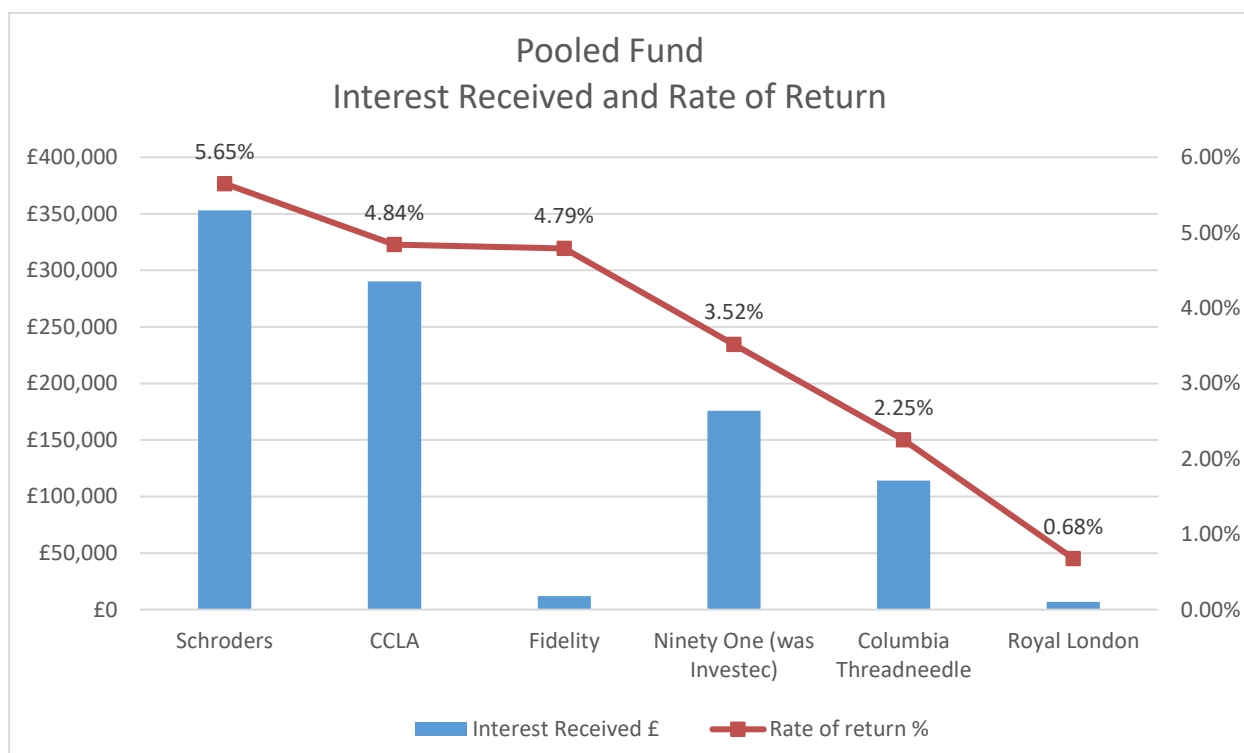
Investment Type	Investment Balance 31/03/2022 £000's	Investment Value		
		01/04/2021 £000's	31/03/2022 £000's	Change £000's
CCLA	£6,000	£6,341	£7,455	£1,114
Schroders	£6,250	£4,955	£5,493	£538
Investec	£5,000	£4,954	£4,716	(£238)
Colombia Threadneedle	£5,000	£5,311	£5,069	(£242)
Royal London	£1,000	£1,016	£989	(£27)
Fidelity	£250	£260	£265	£5
Total	£23,500	£22,837	£23,987	£1,150

28. The Council has investments in equity, multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability.
29. In the nine months to December improved market sentiment was reflected in equity, property and multi-asset fund valuations and, in turn, in the capital values of the Council's property, equity and multi-asset income funds. The prospect of higher inflation and rising bond yields did however result in muted bond fund performance. In the January to March quarter the two dominant themes were tighter UK and US monetary policy and higher interest rates, and the military invasion of Ukraine by Russia in February, the latter triggering significant volatility and uncertainty in financial markets.
30. In light of Russia's invasion, Arlingclose contacted the fund managers of our MMF, cash plus and strategic funds and confirmed no direct exposure to Russian or Belarusian assets had been identified. Indirect exposures were immaterial. It should be noted that any assets held by banks and financial institutions (e.g. from loans to companies with links to those countries) within MMFs and other pooled funds cannot be identified easily or with any certainty as that level of granular detail is unlikely to be available to the fund managers or Arlingclose in the short-term, if at all.
31. It should be noted that the £1.15m increase in the capital value of the investments will not have an impact on the General Fund as the Council is using the alternative fair value through profit and loss (FVPL) accounting and defers the funds' fair



value losses (and gains) to the Pooled Investment Fund Adjustment Account until 2023/24.

The income generated from these investments in 2021/22 and the rate of return is detailed in graph and table below.



Fund	Interest Received £	Rate of return %
CCLA	£353,022	5.65%
Schroders	£290,163	4.84%
Fidelity	£11,980	4.79%
Ninety One	£175,904	3.52%
Columbia Threadneedle	£114,223	2.25%
Royal London	£6,768	0.68%
Total	£952,059	4.06%

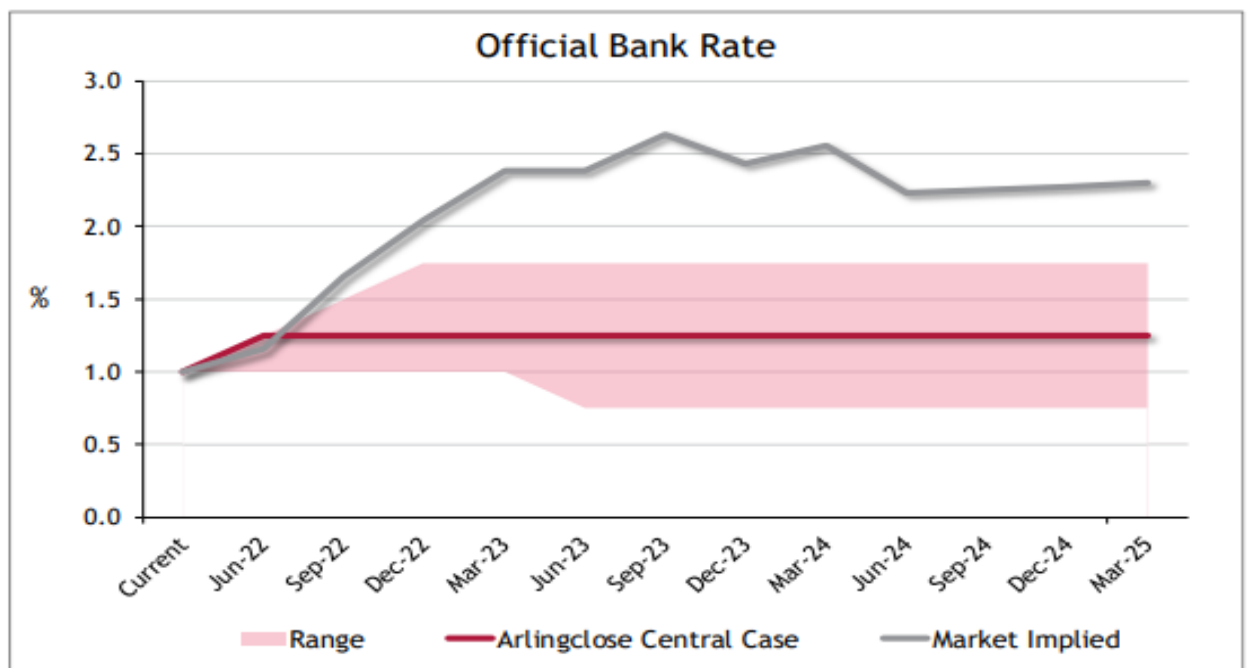
32. Pooled funds have no defined maturity date, but are available for withdrawal after a notice period. Their performance and continued suitability in meeting the Council's investment objectives is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.



33. The investment strategy approved in the 2022/23 Treasury Management Strategy Statement recommended that the Council maintains its investments in the secure and higher yielding asset classes given the increasing risk and very low returns from short-term unsecured bank investments.
34. The graph above and table detailing interest received, and the rate of return on investments demonstrates that the approved policy has met the objectives of the investment strategy. It is anticipated that the level of strategic (long-term) investments will remain in the region of £24m in 2022/23, with the possibility of increasing these investments, if cash flow permits, in line with the Council's overall Financial Strategy and income generation targets.
35. The diversification into strategic investments represents a continuation of the strategy adopted in 2017/18. The Council's Treasury advisors have indicated that a maximum exposure to this investment type should be limited to £30m.

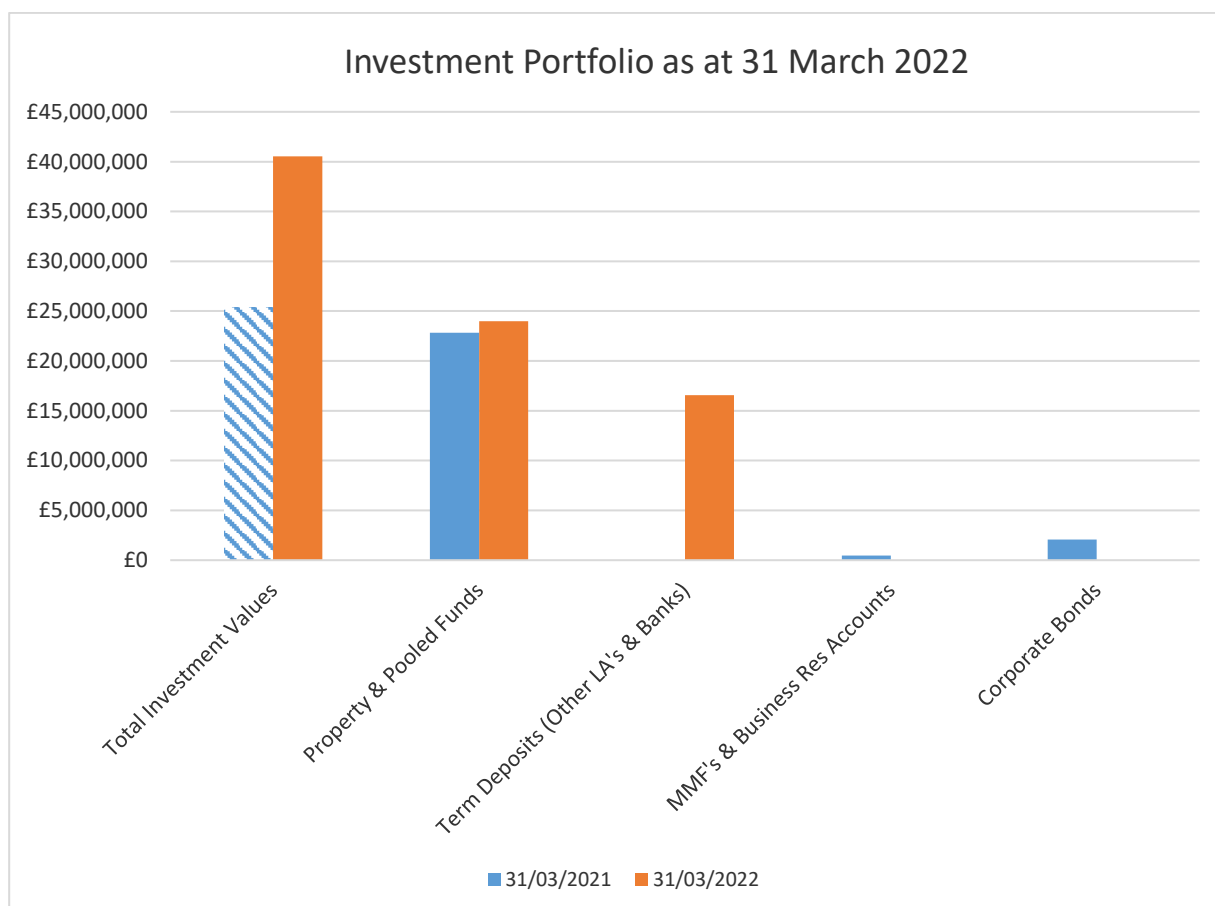
Interest Rates 2021/22

36. As detailed in the Arlingclose external context provided in Appendix A, the Bank Rate was 0.1% at the beginning of the reporting period. April and May saw the economy gathering momentum as the shackles of the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.
37. As anticipated the Bank Rate increased to 1.25% in June. Risks around the forecast are weighted to the upside in the short term and a further rise to 1.50%, or higher, is a possibility.



Investment Portfolio – Values and Returns

38. The graph below provides a snapshot of the Council's portfolio of investments at the end of the 2021/22 financial year, in comparison to the previous year end position.



39. The table below provides additional information on the actual value of investments at the start and end of the 2021/22 financial year:

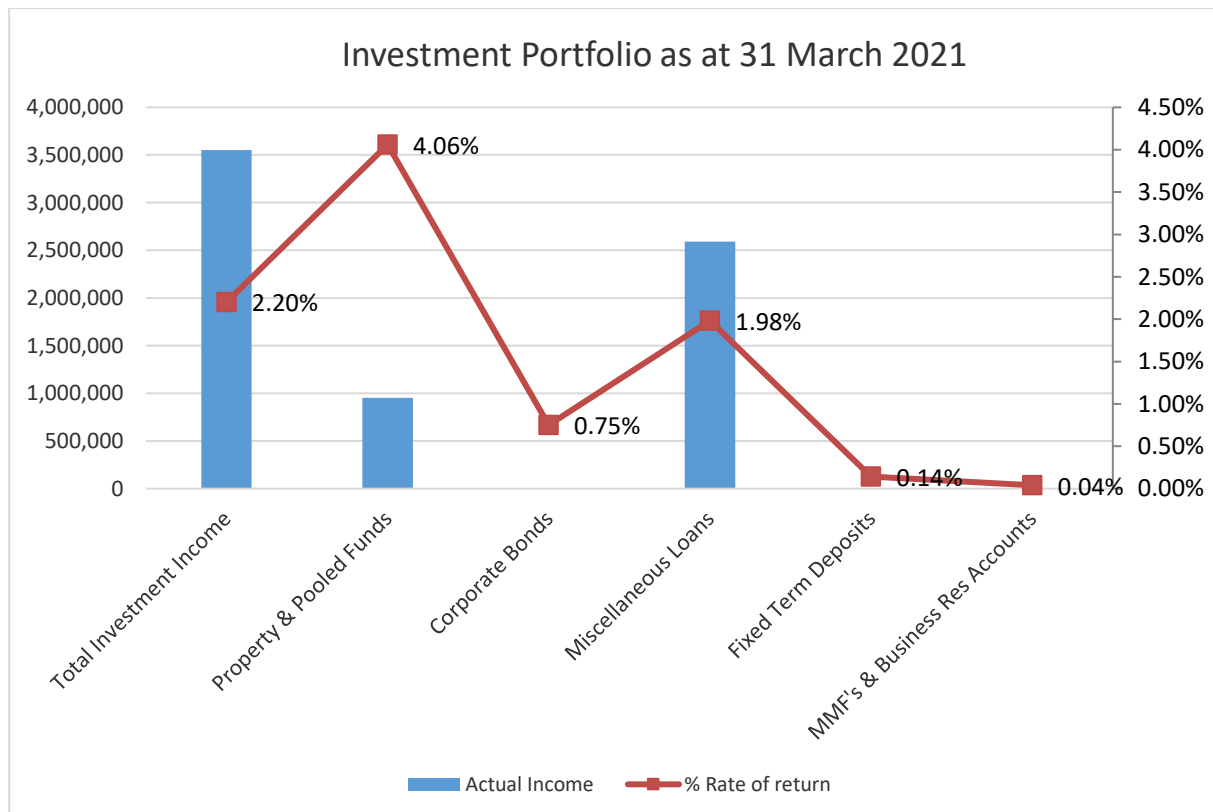
Investment type	Investment Value as at 31/03/2021	Investment Value as at 31/03/2022	Actual Income	% Rate of return
Property & Pooled Funds	22,838,048	23,986,971	952,059	4.06%
Money Market Funds & Business Reserve Accounts	480,000	0	1,711	0.04%
Term Deposits (Other LAs & Banks)	0	16,550,000	2,458	0.14%
Corporate Bonds	2,060,491	0	4,949	0.75%
Total Investment Values	25,378,539	40,536,971	961,178	2.77%



40. The types of investment that the Council held at the 31 March 2021 and 31 March 2022 has changed. The continuation of the policy to invest in higher yielding, long term strategic investments has resulted in a large portion of the Council's investment being concentrated in the pooled and property fund investment type. Pooled and property fund investments amounted to 59% of the investment portfolio as at 31 March 2021 (90% as at 31 March 2021).
41. The proportion of the investment portfolio which has increased 2021/22 is term deposits. The balance as at 31 March 2022 was £16.55m, with £12.55m invested with the DMADF and £4m invested with other LA's. The maximum investment period, in days, of the £16.55m was 13 days. These investments were made in line with the cash flow requirements of the Council meaning that the funds were unable to be invested in the higher yielding investment classes such as a property fund due to the short time period of the investments.
42. The Council continues to work closely with Arlingclose on the investment diversification and portfolio mix, Arlingclose are comfortable with the percentage of investment that the Council holds in pooled and property funds but has suggested a maximum exposure of £30m. The Council continually monitors the performance of the property and pooled funds and is able to withdraw funds at short notice if the fund performance were to deteriorate. Equally, the Council may borrow short term to manage cash flow variations if necessary.

Returns achieved in 2021/22

43. The returns are shown in the graph and table below:



Investment type	Actual Income £	Rate of return %
Property & Pooled Funds	952,059	4.06%
Miscellaneous Loans	2,590,344	1.98%
Fixed Term Deposits	2,458	0.14%
Corporate Bonds	4,949	0.75%
Money Market Funds & Business Reserve Accounts	1,711	0.04%
2021/22 Treasury Investment Income	3,551,521	2.20%
2021/22 Treasury Income Budget	1,947,510	
Surplus /(Deficit)	1,604,011	

44. The table above shows investment income for the year compared to the budget. The figures show a small surplus over budget of £36,606. The original treasury management budget of £1,973,230 was derived by forecasting an average rate of return of **1.39%** based on an average investment portfolio of £50m.
45. The outturn position is also affected by both the amount of cash we have available to invest and the interest base rate set by the Bank of England. Balances are affected by the timing of revenue and capital income and expenditure, and the collection and distribution of council tax and business rates income.

Treasury Investments

46. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2021/22. The table below lists the investments held on 31 March 2022.

Breakdown of investments as at 31 March 2022

Date Invested	Counterparty	Nominal Amount £'000	Rate %	Maturity Date
	Term Deposits (Other LAs & Banks)			
25/03/2022	DMADF	4,550	0.55	07/04/2022
28/03/2022	North Warwickshire Borough Council	1,000	0.60	04/04/2022
30/03/2022	Cumbria Police & Crime Commissioner	3,000	0.61	11/04/2022
30/03/2022	DMADF	8,000	0.55	11/04/2022
	Property & Pooled Funds			
	Fidelity Global enhanced income (Global Equity)	250	5.69	
	Ninety One Diversified Income (was Investec)	5,000	3.52	
	Royal London Enhanced Cash Plus Fund	1,000	0.68	
	Schroders Income Maximiser (UK Equity)	6,250	5.65	
	Columbia Threadneedle Strategic Bond	5,000	2.28	
	CCLA Property Fund	6,000	4.84	
	Total	40,050		

Non-Treasury Investments

47. The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

The Council also held £125.93m of such investments in

- Directly Owned Property - £96.30m
- Loan to Local Businesses - £0.13m
- Loan to Local Authority Partnership - £3.76m
- Loan to Subsidiaries - £40.85m

48. The detail of the Council's total investment in commercial investment property is reported separately. As part of its Commercial Strategy, investment in property has increased significantly in the past three years. Full Council at its meeting in December 2021 however decided not to make any further new investments for commercial purposes from that date.

Borrowing

49. The Council's primary objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.
50. The table below summarises the external borrowing position for 2021/22. It details the opening position in respect of external loans, loans repaid, new loans, the average interest rate and the year-end position.

	Amount £'000	Average Interest Rate %
External Loans as at 1 April 2021	98,000	
New Loans	238,500	0.13%
Loans Repaid	(208,000)	
Total External Loans as at 31 March 2022	128,500	0.09%

51. In keeping with these objectives, new borrowing was kept to a minimum, however external borrowing increased from £98m to £128.5m. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

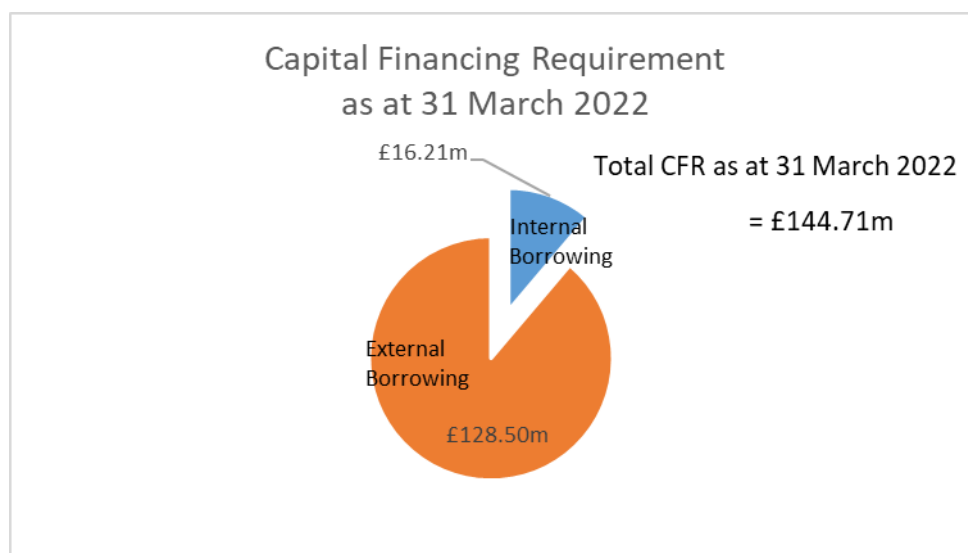
52. Details of the borrowing are included in the table below.

Lender	Date Borrowed	Repayment Date	No of Days	Interest Rate	Amount	2021/22 Interest	Total Interest
Northern Ireland Housing Executive	19/04/2021	14/04/2022	360	0.10%	4,000,000	3,803	3,945
Northern Ireland Housing Executive	20/04/2021	14/04/2022	359	0.10%	5,000,000	4,740	4,918
East Suffolk Council	20/04/2021	20/04/2022	365	0.14%	3,000,000	3,981	4,200
Middlesbrough Borough Council	25/08/2021	24/05/2022	272	0.07%	5,000,000	2,100	2,608
University of Teeside	25/08/2021	25/05/2022	273	0.08%	4,000,000	1,920	2,393
Greater Manchester Combined Authority	27/01/2022	27/04/2022	90	0.10%	3,000,000	526	740
Greater Manchester Combined Authority	23/12/2021	25/04/2022	123	0.04%	3,000,000	325	404
Wigan Metropolitan Borough Council	25/08/2021	25/05/2022	273	0.07%	5,000,000	2,100	2,618
Middlesbrough Borough Council	17/09/2021	07/04/2022	202	0.04%	10,000,000	2,148	2,214
South Lanarkshire Council	20/09/2021	20/05/2022	242	0.05%	2,000,000	529	663
South Lanarkshire Council	24/09/2021	24/05/2022	242	0.05%	2,000,000	518	663
Tendring District Council	29/09/2021	11/04/2022	194	0.04%	5,000,000	1,008	1,063
Greater Manchester Combined Authority	20/12/2021	20/04/2022	121	0.04%	7,000,000	782	928
West Yorkshire Police Authority	19/01/2022	18/01/2023	364	0.15%	10,000,000	2,959	14,959
Basildon Borough Council	17/03/2022	19/09/2022	186	0.15%	5,000,000	308	3,822
West Yorkshire Combined Authority	20/01/2022	20/07/2022	181	0.06%	10,000,000	1,167	2,975
Maldon District Council	18/02/2022	18/08/2022	181	0.10%	2,000,000	230	992
North Northamptonshire Council	31/01/2022	29/07/2022	179	0.16%	5,000,000	1,315	3,923
Nottingham City Council	16/02/2022	16/05/2022	89	0.15%	5,000,000	904	1,829
Northern Ireland Housing Executive	18/03/2022	19/09/2022	185	0.23%	5,000,000	441	5,829
Chichester District Council	21/01/2022	21/07/2022	181	0.14%	5,000,000	1,342	3,471
Mansfield District Council	16/02/2022	16/08/2022	181	0.18%	2,000,000	434	1,785
West Yorkshire Combined Authority	17/03/2022	19/09/2022	186	0.23%	3,000,000	284	3,516
Fermanagh and Omagh District Council	28/03/2022	05/08/2022	130	0.40%	2,000,000	88	2,849
Blaenau Gwent County Borough Council	31/03/2022	08/04/2022	8	0.58%	1,500,000	24	191
Gwynedd Council	28/03/2022	11/04/2022	14	0.58%	2,500,000	159	556
Leicester City Council	28/03/2022	06/06/2022	70	0.60%	5,000,000	329	5,753
West Midlands Combined Authority	28/03/2022	28/06/2022	92	0.60%	5,000,000	329	7,562
Blaenau Gwent County Borough Council	31/03/2022	08/04/2022	8	0.58%	2,500,000	40	318
				Total	128,500,000	34,833	87,688

53. With short-term interest rates remaining much lower than long-term rates, the Council considered it cost effective in the near term to use internal resources in parallel with short-term loans.

54. The Council's underlying need to borrow is defined as its 'Capital Financing Requirement (CFR)'. The CFR was £134.1m million at the beginning of 2021/22. Capital expenditure during 2021/22 was funded through a combination of capital receipts, revenue reserves, external contributions (e.g. S106 receipts) and borrowing. As a result, the borrowing requirement (CFR) has increased to £144.7 million. However, we have followed a strategy of using our cash reserves to finance this borrowing requirement in the short term – known as "internal borrowing" – as short term investment returns foregone are currently lower than longer term borrowing rates.

Borrowing Type	£'000	%
Internal Borrowing	£16,214	11.20%
External Borrowing	£128,500	88.80%
Total Capital Financing Requirement as at 31 March 2022	£144,714	



Treasury Management Indicators

55. The Authority measures and manages its exposures to treasury management risks using the following indicators.

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

	2021/22 Target	2021/22 Actual
Portfolio average credit rating	5.0	3.1

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period.

	2021/22 Target	2021/22 Actual
Total cash available within 3 months	£10m	£40m

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

	2021/22 Limit	2021/22 Actual
Upper limit on one-year revenue impact of a 1% change in interest rates	£200,000	£315,381

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

Maturity structure of borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing indicator	2021/22 Upper Limit %	2021/22 Lower Limit %	2021/22 Actual %
Under 12 months	100%	100%	100%
12 months and within 24 months	100%	100%	0%
24 months and within 5 years	100%	100%	0%
5 years and within 10 years	100%	100%	0%
10 years and above	100%	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. Upper and lower limits are set at 100% providing full flexibility to optimise borrowing arrangements.

Principal sums invested for periods longer than a year: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Price risk indicator	2021/22
Actual principal invested beyond year end	£0m
Limit on principal invested beyond year end	£30m

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

Other

IFRS 16: The implementation of the new IFRS 16 Leases accounting standard was due to come into force for local authorities from 1st April 2022. Following a consultation CIFPA/LASAAC announced an optional two year delay to the implementation of this standard a decision which was confirmed by the Financial Reporting Advisory Board in early April 2022. Authorities can now choose to adopt the new standard on 1st April 2022, 1st April 2023 or 1st April 2024. The decision on implementation date for the new standard will be taken by the newly formed Somerset Council.

Prudential Indicators – 2021/22

56. In February 2020, through approval of the Treasury Management Strategy Full Council approved the Prudential Indicators for 2021/22, as required by the Prudential Code for Capital Finance in Local Authorities. The Local Government Act 2003 allows local authorities to determine their own borrowing limits provided they are affordable and that every local Council complies with the Code.

Capital Expenditure: The actual capital expenditure incurred for 2021/22 compared to the revised estimate was:

	2020/21 Outturn £'000	2021/22 Revised Estimate £'000	2021/22 Outturn £'000	2021/22 Variance £'000
Approved capital schemes	41,780	40,540	35,601	(4,939)
Total Expenditure	41,780	40,540	35,478	(4,939)

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

	2020/21 Outturn £'000	2021/22 Revised Estimate £'000	2021/22 Outturn £'000	2021/22 Variance £'000
Financing Costs	1,269	(502)	(655)	(153)
Net Revenue Stream	15,150	17,319	17,483	163
%	7.8%	(2.9%)	(3.7%)	

*figures in brackets denote income through receipts and reserves

The financing costs include interest payable and notional amounts set aside to repay debt less interest on investment income. The figure in brackets is due to investment income outweighing financing costs significantly for the Council but is relevant since it shows the extent to which the Council is dependent on investment income.

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

	2020/21 Outturn £'000	2021/22 Revised Estimate £'000	2021/22 Outturn £'000	2021/22 Variance £'000	Reason for Variance
Opening CFR	96,973	134,148	134,148	-	
Capital Expenditure	42,177	40,540	35,601	(4,939)	
Capital Receipts*	(2,026)	(19,465)	(18,038)	1,427	
Grants/Contributions*	(2,148)	(10,335)	(6,956)	3,379	
Minimum Revenue Provision (MRP)	(828)	(1,199)	(992)	207	
Additional Leases taken during year	-	-	-	-	
Closing CFR	134,148	143,689	143,764	74	

*Figures in brackets denote income through receipts or use of revenue resources.
 Total figures are rounded

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose. The Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

	2020/21 Outturn £'000	2021/22 Revised Estimate £'000	2021/22 Outturn £'000	2021/22 Variance £'000
Borrowing	98,000	122,000	128,500	6,500
Finance Leases	20	20	5	(15)
Total Debt	98,020	122,020	128,505	6,485
Capital Financing Requirement	134,148	143,689	143,764	74

Total debt is expected to remain below the CFR for the near future.

Credit Risk: The Council considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk. The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution and its sovereign
- Sovereign support mechanisms
- Credit default swaps (where quoted)
- Share prices (where available)
- Economic Fundamentals, such as a country's net debt as a percentage of its GDP
- Corporate developments, news articles, markets sentiment and momentum
- Subjective overlay

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Actual External Debt: This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities (this represents our finance leases). This indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/2022	£'000
Borrowing	128,500
Other Long-term Liabilities (Finance Leases)	
-Vehicles	5
-Photocopiers	-
Total	128,505

Authorised Limit for External Debt: This limit represents the maximum amount that the Council may borrow at any point in time during the year. If this limit is exceeded the Council will have acted ultra vires. It also gives the Council the responsibility for limiting spend over and above the agreed capital programme. A borrowing requirement was identified in year to finance the capital programme and further borrowing may be undertaken to fund the agreed plans to acquire investment properties.

	2020/21 Actual £'000	2021/22 Original Estimate £'000	2021/22 Actual £'000
Borrowing	98,000	180,000	128,500
Other Long-term Liabilities	20	25,000	5
Total	98,020	205,000	128,505

Operational Boundary for External Debt: The operational boundary sets the limit for short term borrowing requirements for cash flow and has to be lower than the previous indicator, the authorised limit for external debt.

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

The S151 Officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next Council meeting.

	2020/21 Actual £'000	2021/22 Original Estimate £'000	2021/22 Actual £'000
Borrowing	98,000	170,000	128,500
Other Long-term Liabilities	20	20,000	5
Total	98,020	190,000	128,505

For information the 2022/23 operational boundary has been set at £180m and the authorised limit £195m. This was approved by full Council in February 2022 as part of the Annual Capital, Investment and Treasury Management Strategy report.

Compliance

57. The Council operated within all of the Prudential Indicators during 2021/22.

Background Papers:

Treasury Management Strategy Statement 2021/22

Prudential Indicators and MRP Statement 2021/22

Capital Outturn 2021/22

APPENDIX A – Additional commentary from Arlingclose

External Context

Economic background: The continuing economic recovery from coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period.

Bank Rate was 0.1% at the beginning of the reporting period. April and May saw the economy gathering momentum as the shackles of the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.

UK CPI was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series. Core inflation, which excludes the more volatile components, rose to 5.2% y/y from 4.4%.

The government's jobs furlough scheme insulated the labour market from the worst effects of the pandemic. The labour market began to tighten and demand for workers grew strongly as employers found it increasingly difficult to find workers to fill vacant jobs. Having peaked at 5.2% in December 2020, unemployment continued to fall and the most recent labour market data for the three months to January 2022 showed the unemployment rate at 3.9% while the employment rate rose to 75.6%. Headline 3-month average annual growth rate for wages were 4.8% for total pay and 3.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 0.1% while regular pay fell by 1.0%.

With the fading of lockdown – and, briefly, the 'pingdemic' – restraints, activity in consumer-facing sectors improved substantially as did sectors such as oil and mining with the reopening of oil rigs but materials shortages and the reduction in the real spending power of households and businesses dampened some of the growth momentum. Gross domestic product (GDP) grew by an upwardly revised 1.3% in the fourth calendar quarter of 2021 according to the final estimate (initial estimate 1.0%) and took UK GDP to just 0.1% below where it was before the pandemic. The annual growth rate was revised down slightly to 7.4% (from 7.5%) following a revised 9.3% fall in 2020.

Having increased Bank Rate from 0.10% to 0.25% in December, the Bank of England hiked it further to 0.50% in February and 0.75% in March. At the meeting in February, the Monetary Policy Committee (MPC) voted unanimously to start reducing the stock of its asset purchase scheme by ceasing to reinvest the proceeds from maturing bonds as well as starting a programme of selling its corporate bonds.

In its March interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February Monetary Policy Report. The Committee also noted that although GDP in January was stronger than expected with business confidence holding up and the labour market remaining robust, consumer confidence had fallen due to the squeeze in real household incomes.

GDP growth in the euro zone increased by 0.3% in calendar Q4 2021 following a gain of 2.3% in the third quarter and 2.2% in the second. Headline inflation remains high, with CPI registering a record 7.5% year-on-year in March, the ninth successive month of rising inflation. Core CPI inflation was 3.0% y/y in March, was well above the European Central Bank's target of 'below, but close to 2%', putting further pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at a downwardly revised annualised rate of 6.9% in Q4 2021, a sharp increase from a gain of 2.3% in the previous quarter. In its March 2022 interest rate announcement, the Federal Reserve raised the Fed Funds rate to between 0.25% and 0.50% and outlined further increases should be expected in the coming months. The Fed also repeated its plan to reduce its asset purchase programme which could start by May 2022.

Financial markets: The conflict in Ukraine added further volatility to the already uncertain inflation and interest rate outlook over the period. The Dow Jones started to decline in January but remained above its pre-pandemic level by the end of the period while the FTSE 250 and FTSE 100 also fell and ended the quarter below their pre-March 2020 levels.

Bond yields were similarly volatile as the tension between higher inflation and flight to quality from the war pushed and pulled yields, but with a general upward trend from higher interest rates dominating as yields generally climbed.

The 5-year UK benchmark gilt yield began the quarter at 0.82% before rising to 1.41%. Over the same period the 10 year gilt yield rose from 0.97% to 1.61% and the 20-year yield from 1.20% to 1.82%.

The Sterling Overnight Rate (SONIA) averaged 0.39% over the quarter.

Credit review: In the first half of FY 2021-22 credit default swap (CDS) spreads were flat over most of period and are broadly in line with their pre-pandemic levels. In September spreads rose by a few basis points due to concerns around Chinese property developer Evergrande defaulting but then fell back. Fitch and Moody's revised upward the outlook on a number of UK banks and building societies on the Authority's counterparty to 'stable', recognising their improved capital positions compared to 2020 and better economic growth prospects in the UK.

Fitch also revised the outlook for Nordea, Svenska Handelsbanken and Handelsbanken plc to stable. The agency considered the improved economic prospects in the Nordic region to have reduced the baseline downside risks it previously assigned to the lenders.

The successful vaccine rollout programme was credit positive for the financial services sector in general and the improved economic outlook meant some institutions were able to reduce provisions for bad loans. However, in 2022, the uncertainty engendered by Russia's invasion of Ukraine pushed CDS prices modestly higher over the first calendar quarter, but only to levels slightly above their 2021 averages, illustrating the general resilience of the banking sector.

Having completed its full review of its credit advice on unsecured deposits, in September Arlingclose extended the maximum duration limit for UK bank entities on its recommended lending list from 35 days to 100 days; a similar extension was advised in December for the non-UK banks on this list. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Report on Whistleblowing for the Municipal Year 2021-22

Lead Officer: Jill Byron, District Solicitor and Monitoring Officer
Contact Details: Jill.Byron@southsomerset.gov.uk

Purpose of the Report

1. To provide the Audit Committee with a summary of Whistleblowing disclosures recorded during 2021-22.

Public Interest

2. This report covers the operation of the Council's Whistleblowing Policy during the municipal year 2021-22. The purpose of the Policy is to ensure that employees of the Council are aware of their responsibility to disclose information concerning any 'malpractice' within the Council appropriately and at the earliest opportunity and to protect individuals who do so in accordance with the Policy from unfair treatment. It is important for local authorities to have a robust policies in place and to monitor their operation to ensure the efficient and proper delivery of services and to protect the public purse.

Recommendations

1. That the Audit Committee note the report
2. That the Audit Committee continue to receive annual reports

Reason for Recommendations: To ensure effective monitoring of whistleblowing incidents is undertaken.

Background

3. The Council first adopted a Whistleblowing Policy in 2015. The Policy was updated in December 2021 and a copy is set out in Appendix 1. This Policy provides an opportunity for all workers to highlight concerns regarding the way SSDC works, ensuring resources are used sustainably and in a way that best benefits residents.
4. The Employment Rights Act 1996 (ERA) offers protection to employees who make "protected disclosures" (commonly referred to as "whistleblowing") and a key purpose of any whistleblowing policy is to provide a protective framework

within which employees are enabled and encouraged to report serious concerns about wrongdoing at work to enable the Council to address those concerns. The South Somerset District Council (SSDC) Whistleblowing Policy applies to all workers, including workers who undertake activities on SSDC's behalf, such as employees; locum, agency and casual staff; volunteers and work experience students. In addition, SSDC applies the principles of the Policy to elected Members, contractors, partner organisations and members of the public.

5. In general terms, protected disclosures under the ERA cover:
- criminal offences
 - failure to comply with legal obligations
 - miscarriages of justice
 - health and safety risks likely to cause danger
 - damage to the environment (e.g. land, water, air, waste, energy, natural habitat) and
 - the deliberate concealment of a matter relating to any of the above.

To qualify for protection under the ERA, a worker must disclose the information to their employer and reasonably believe it to be true. SSDC's reporting and investigatory procedure is set out in sections 8 – 10 of the Policy.

6. Although the requirements set out in the Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 are not directly applicable, it seems sensible to apply the reporting content provisions set out in regulation 5. Accordingly, this report sets out the following information for the year 2021-22, without including any information that would identify a worker who has made a disclosure of information or any person in respect of whom a disclosure of information has been made:
- (a) the number of workers' disclosures received that are reasonably believed to be qualifying disclosures within the meaning of section 43B of the ERA;
 - (b) the number of those disclosures in relation to which further action was taken;
 - (c) a summary of the action taken in respect of those workers' disclosures.

Disclosures in 2021-22

7. Two disclosures were received in 2021-22 and further action was taken in relation to both of them.

Disclosure A - this disclosure was the subject of detailed investigation. The outcomes of the investigation and the action plans for dealing with the findings was reported to Audit Committee on 26 May 2022.

Disclosure B - this disclosure is currently being investigated.

8. SSDC recognises the importance of being able to learn from disclosure investigations not only to deal with specific situations, but also to learn and apply any lessons more widely to reduce the risk of similar issues arising. As a result of the disclosures made in 2021-22, action has been taken to revise and strengthen processes and procedures, improve communication with staff and ensure they are appropriately trained.
9. Currently, there are no publicly available compiled statistics for local authority whistleblowing incidents so it is not possible to ascertain whether the level of reporting for SSDC is comparable with similar authorities.

Financial Implications

There are no financial implications arising from the recommendation.

Council Plan Implications

There are no Council Plan implications arising from the recommendation.

Carbon Emissions and Climate Change Implications

There are no carbon emissions and climate change implications arising from the recommendation.

Equality and Diversity Implications

<i>An Equality Impact Relevance Check Form has been completed in respect of the Proposal?</i>	Yes
<i>The Impact Relevance Check indicated that a full EIA was required?</i>	No

Background Papers

- South Somerset District Council Whistleblowing Policy
- Department for Business Innovation & Skills - Whistleblowing – Guidance for Employers and Code of Practice (2015)
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/415175/bis-15-200-whistleblowing-guidance-for-employers-and-code-of-practice.pdf

Whistleblowing Policy

Report concerns about serious wrongdoing with support and legal protection.

Version Details:

Service:	Corporate Governance
Author:	Monitoring Officer Senior Leadership Team
Date:	December 2021
Review Date:	July 2022

1. Scope

- 1.1 This policy applies to you if you are a worker at South Somerset District Council (SSDC). This definition includes all workers who undertake activities on our behalf: all employees, locum, agency, casual staff; volunteers, work experience students etc.
- 1.2 The principles of this policy also apply to you if you are an elected Member, a contractor doing business with us, a partner organisation working with us, or a member of the public. Please see 'Information for Non Employees' at Section 12.

2. Purpose

- 2.1 The purpose of this policy is to encourage you to report serious concerns i.e. to 'blow the whistle' if you become aware of certain types of wrongdoing at work, which we specify below. We want to raise awareness of how to report such a concern, and to inform you of the legal protections available when you make a 'protected disclosure' under the Employment Rights Act 1996 (ERA) as amended. In addition to these legal protections, the policy details the other measures that we will take to ensure you are not mistreated for reporting your concerns.

3. Introduction

- 3.1 As an administrator of public funds and provider of services, it is in the interest of the public for information of wrongdoing at SSDC to be reported, both to ensure the efficient and proper delivery of our services, and to protect the public purse. It is vitally important that you, as a member of our staff, report such concerns.
- 3.2 The definition of 'whistleblowing' is often cited as 'making a disclosure in the public interest'. To clarify, this means voicing any wrongdoing you believe has happened, is happening, or is likely to happen at SSDC, which could affect the community at large, and falls within one of the categories listed below.
- 3.3 To qualify for legal protection, the whistleblowing must be about:
 - A criminal offence;
 - A failure to comply with a legal obligation;
 - A miscarriage of justice;
 - A health and safety risk likely to cause danger;
 - Damage to the environment (e.g. land, water, air, waste, energy, natural habitat);
 - A deliberate concealment of a matter relating to any of the above.

This policy only covers reporting the above concerns directly to SSDC as an employer, or to a 'prescribed person', as set out in Section 8. For other situations, where you are concerned about whether your disclosure would be legally protected, you should seek independent advice e.g. from Citizens' Advice.

- 3.4 Supporting whistleblowing is an important part of the open culture of SSDC, as whistleblowing is a vital tool in protecting us from wrongdoing. An environment where whistleblowing is encouraged can do much to prevent wrongdoing from arising. In the unlikely event that it does occur, this policy provides routes to report it quickly and safely through the correct channels, so that we can respond promptly.
- 3.5 You can raise a concern at any stage, though it is far better to disclose information sooner. Delays can allow more wrongdoing to take place, and could lead to accusations that you were involved in the matter too. You should not begin an investigation yourself to avoid any issues around the admissibility of any evidence collected; just report your concern and leave it to us to investigate.
- 3.6 We recognise that reporting a concern can be intimidating, but it need not be. You may think that speaking up will affect your relationship with colleagues, or perhaps even the security of your job, but there are legal protections in place to prevent such things from happening, providing you follow this policy. You can be confident that if you do raise a concern, it will be treated seriously.

4. Support

- 4.1 We understand that a lack of visible support could be a significant deterrent to people raising a concern, so we will ensure that support is available throughout the process. The Lead Specialist - People (HRM) will agree a 'key contact' with you once you have reported a concern, and they will be responsible for giving you support and advice throughout the process. The key contact will be independent, and available without the need for you to follow formal procedures to liaise with them.
- 4.2 We also recognise the need to extend support into the future to ensure your continued protection, so we will actively monitor your treatment if you raise a concern to make sure you suffer no detriment as a result.
- 4.3 We know that reporting a concern can be a difficult decision to make. You may fear reaction from those alleged to be involved, or perhaps from your colleagues. We will not tolerate harassment or victimisation of any kind. Disciplinary action will be taken if a colleague or manager mistreats you because you raised a concern, even if your suspicions turn out to be mistaken.

5. Grievances

- 5.1 There is a significant difference between making a complaint for personal reasons, and blowing the whistle in the public interest. This Whistleblowing Policy is distinct from the 'Grievance Procedure', which enables staff to raise complaints about their own personal circumstances and treatment. The Whistleblowing Policy is therefore not an appropriate way for staff to refute any capability or disciplinary action that they might be facing, or to report matters which do not fall within Section 3.3.
- 5.2 We understand that reporting incidents of bullying can be in the public interest, but we will usually deal with concerns of this nature under the 'Grievance Policy', which provides protection for complainants, including staff who wish to report abuse they have witnessed as a third party. The exception to this is if you are being bullied as a result of a whistleblowing concern you have raised, in which case you should contact the HRM or your Key Contact promptly so that action can be taken.

6. Disclosures

- 6.1 Although we do not set out the full details of the legal protection under the ERA (as amended) in this section, generally to qualify for legal protection when reporting a concern at SSDC, your disclosure of information must be:
- Made about one of the offences specified in Section 3.3;
 - Made in your reasonable belief that it is true;
 - Made without breaking the law (although a confidentiality clause or 'gagging clause' in a settlement agreement is not binding if you are a whistleblower);
 - Made to SSDC as your employer, or if we agree, to another authority.
- 6.2 If all these conditions are met, you will make a 'protected disclosure', and can take legal action if you suffer detriment or are dismissed because of reporting a concern.

7. Protections

- 7.1 Under Section 47(B) of ERA, as amended, when you make a protected disclosure using the appropriate channels, you have the right not to be subject to detriment by SSDC for doing so.
- 7.2 Section 47(B) also offers protection if fellow workers victimise you because of your whistleblowing. The person who victimised you may be held personally liable, and SSDC could be held vicariously liable unless we can show that we took reasonable steps to prevent such treatment.
- 7.3 Under Section 103(A) of ERA, you would be considered to be unfairly dismissed if your dismissal relates to you making a protected disclosure in any way.

- 7.4 Whether you make a disclosure in good faith or not will not affect your entitlement to legal protection. However, the amount of damages that you might receive (if you suffer detriment or are unfairly dismissed) could be reduced by the court if your protected disclosure was not made in good faith.

8. Reporting Procedure

8.1 Inform the People Manager:

If possible in the circumstances, first you should direct concerns about wrongdoing to your People Manager (PM). There is no special procedure for doing this; simply speak to them, recording the conversation, or put the concern in writing if you prefer.

You should declare all personal interests in the matter from the start. The PM will advise you whether your concern falls more properly under another policy, such as the Grievance Procedure. If you are unhappy with their decision, advice can be sought from the HRM.

8.2 If you cannot inform the Service Manager:

For whatever reason, it may be that you cannot inform the PM of your concern. If they are thought to be involved in the concern, or have failed to follow up your concern without an adequate explanation, you should inform the relevant Director for the service instead.

If informing a Director is not appropriate for similar reasons, you should contact the Monitoring Officer (MO) or the S151 Officer.

8.3 If your concern cannot be raised at SSDC:

In all but the most exceptional cases, you should raise concerns internally so that we can decide how to deal with the issue. We hope that the reporting routes in this policy will enable you to feel comfortable in doing so. In exceptional circumstances, you can contact our auditors, the South West Audit Partnership (SWAP) on 01935 848540, where you can leave a message so that they can arrange a meeting with you.

8.4 What the Managers need to do:

As the conditions for a protected disclosure are set out in the legislation, PM's or Directors only need to filter whether a concern is in the public interest or not. If it meets the conditions set out in Section 3, they should pass the information to the MO and the HRM. Where fraud may be involved, the Fraud and Data Manager will be informed, unless the holder of that post is implicated in the wrongdoing.

The MO will set out the legal implications, and the HRM will set out the support facilities available. The information will then be passed to an

appropriate investigation team. The MO may refer the matter to the police if a criminal offence is likely to be involved, or other specific agencies as appropriate to the circumstances.

If the conditions in Section 3 are not met, it is a separate issue for the PM to deal with under the appropriate policy, such as the Grievance Procedure.

8.5 Anonymity:

We will keep all investigations strictly confidential, yet as with any enquiry, we cannot guarantee you absolute anonymity as the evidence you can give may be vital to bringing about disciplinary measures or criminal proceedings. Of course, we will discuss the options before we take any actions which might reveal your identity.

If you submit a concern anonymously, we will treat it as a formal concern, though please appreciate it may be very difficult to establish the facts in such a case. It may also make it harder for you to gain the legal protections available. We hope that the legal protections guaranteed by both this policy and the legislation will encourage you to raise a concern in person, or at least with contact details to allow us to respond.

8.6 Responding:

We recognise that a major deterrent for people considering whether to speak up is the sense that nothing will happen. Of course, we cannot reveal detailed investigative information due to the need to maintain the integrity of the evidence. In the majority of cases however, we can give you some feedback, and we will endeavour to do so unless there are significant reasons why we cannot.

- 8.7 There are other options if you do not want to report your concern to your employer, such as getting legal advice, or informing a prescribed person or body which deals with the issue you are raising. The following link provides details of prescribed persons for local councils:

<https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2>

9. Investigation Arrangements

- 9.1 When you raise a formal concern, the MO and the HRM will organise initial enquiries to find out if it is significant. A concern will be significant if important issues are affected, and if wrongdoing seems to have occurred, to be occurring, or likely to occur. In this event, the MO will organise a prompt, proportionate and fair investigation to establish the facts. If initial enquiries find the concern is not significant, the MO and HRM may seek to resolve the situation without the need to carry out a full investigation.

- 9.2 Because of the wide range of whistleblowing allegations which we could receive, it is difficult to specify the exact investigative arrangements we will follow in this policy. The way that an allegation is investigated will need to be tailored to the specific issues of each case, so a flexible approach is vital. To achieve this, our main considerations will be whether the investigators are 1) trained to a suitable skill level, and 2) independent of the affected area(s), or independent of SSDC if necessary.
- 9.3 Those responsible for the investigation will:
- Initiate enquiries promptly once aware of the concern;
 - Prepare a plan to consider the likely steps within the investigation, which may result in disciplinary action and/or prosecution;
 - Regularly liaise with the MO, HRM, and the relevant Director, providing appropriate progress updates;
 - Record all evidence received to the standards of the Police and Criminal Evidence Act 1984, the Criminal Procedure and Investigations Act 1996 etc;
 - Ensure other legal requirements are met, such as the Human Rights Act 1998;
 - Notify SSDC's insurers where appropriate;
 - Notify the whistleblower of any relevant points throughout the investigation, especially where decisions may impact on them;
 - Keep the person under investigation aware of developments, so long as this does not prejudice the investigation, or potentially put the whistleblower at risk.
- 9.4 We will not consider formal disciplinary action until the facts are fully established. Should we need to take urgent action to remove a threat, the MO can recommend and authorise appropriate measures before the investigation is completed.

10. Concluding an Investigation

- 10.1 After an investigation has been concluded, if an employee is proven to be involved in wrongdoing, we will consider the range of actions set out in the [Disciplinary Procedure](#). Section 9 of this procedure sets out the appeal process for employees.
- 10.2 If we find that an allegation is unfounded after an investigation, we will make sure support is available to the persons involved through the key contact, as well as to the person whose conduct has come under question as a result of the whistleblowing. We will also monitor relationships within the relevant services to make sure that a concern being raised has not resulted in issues for the team.
- 10.3 At the end of every investigation, we will take all necessary steps to address any vulnerability which may have come to light.

11. Equalities

- 11.1 We will take the various needs and requirements of our employees into consideration throughout the whistleblowing process, and will monitor our procedures to ensure that people with protected characteristics are not disadvantaged.

12. Information for Non-Employees

- 12.1 While we have written this policy with employees in mind, we still want to hear from councillors, contractors, partner organisations or members of the public who have concerns about wrongdoing at SSDC. The legal protections were designed for workers, but we will seek to treat non-employees in the same way. Where information is reported to us by non-employees, we will follow the spirit of this policy by supporting them throughout the process. There are legal protections available to non-workers, and advice on these can be sought from Citizens' Advice or Public Concern at Work.
- 12.2. If you know of wrongdoing which could affect the work that we do, then please use the following guidance to contact the officer we specify, which will depend on the category you fall within. You can raise your concerns in the following ways:
- By arranging an appointment with the specified officer
 - By phoning 01935 462462 and asking to be transferred to the specified officer
 - By writing to the specified officer at *SSDC, Brympton Way, Yeovil, BA20 2HT*

Members:

The '[Members Code of Conduct](#)' sets out the behaviour which is expected of elected members. If you become aware of any wrongdoing at SSDC, you should report the information directly to the MO. The MO will then advise how the matter will be dealt with, and if the concerns are serious enough, may make the decision to refer the matter to the police or other relevant agencies.

Contractors:

The '[Procurement Procedure Rules](#)' set out the processes to be followed in the purchasing of goods and services. If you become aware of any wrongdoing at SSDC while working in a company who has been, might be, or currently is contracted by us, you should report that information directly to the S151 Officer. The S151 Officer will advise how the specific situation will be handled, and whether any contractual arrangements should be suspended.

Partner Organisations:

There are a variety of working arrangements for organisations not in a contractual relationship with us. If you become aware of any wrongdoing at SSDC while working as an employee of another local authority, a branch of

central government, a housing association, or a 'third sector' organisation, such as an NGO or a charity, you should report the information directly to the MO. The MO will advise how the matter is to be dealt with, and whether any working arrangements should be suspended.

Members of the Public:

The '[Complaints Procedure](#)' sets out how members of the public can make a complaint about their personal circumstances, or against the actions of a particular service provided by us. If the concern does not fall within these categories, and is not general enough to be dealt with by contacting our Customer Services team, please email whistleblowing@southsomerset.gov.uk

13. Additional Information

13.1 Internal:

For clarification on the content of this policy, contact the Monitoring Officer. For further information on whistleblowing support and guidance, contact the HRM.

13.2 External:

At any stage of the concern, you can obtain additional information and support from Protect (formerly Public Concern at Work), the independent Whistleblowing Charity:
<https://www.advicefinder.turn2us.org.uk> or 020 3117 2520.



Treasury Management Practices

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
SLT Lead: Karen Watling, Chief Finance Officer
Lead Officer: Paul Matravers, Lead Specialist – Finance
Contact Details: Paul.matravers@southsomerset.gov.uk

Purpose of the Report

1. To request members of the Audit Committee approve the attached Treasury Management Practices (TMPs).

Forward Plan

2. This report appeared on the Audit Committee Forward Plan with an anticipated Committee date of 30th June 2022.

Public Interest

3. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services Code of Practice requires the Council to adopt four clauses. 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 is included in the first clause.

Recommendations

4. The Audit Committee is recommended to:
 - Approve the Treasury Management practices;
 - Note that an update will be provided on the revised requirements of the IMP1 introduced in the revised Treasury management code of practice.

Introduction and Background

5. The CIPFA Treasury Management in the Public Services Code of Practice (the Code) requires the setting out of the responsibilities and duties of members and officers, allowing a framework for reporting and decision making on all aspects of treasury management.
6. As in previous versions, the Code recommends the creation and maintenance of suitable Treasury Management Practices setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.

7. The recommended Treasury Management Practices for South Somerset District Council comprise:
- TMP 1: Risk management
 - TMP 2: Performance measurement
 - TMP 3: Decision-making and analysis
 - TMP 4: Approved instruments, methods and techniques
 - TMP 5: Organisation, clarity and segregation of responsibilities and dealing arrangements
 - TMP 6: Reporting requirements and management information arrangements
 - TMP 7: Budgeting, accounting and audit arrangements
 - TMP 8: Cash and cash flow management
 - TMP 9: Money laundering
 - TMP 10: Training and qualifications
 - TMP 11: Use of external service providers
 - TMP 12: Corporate governance
- IMP 1: Management Practices for non-treasury investments (Investments that are not part of Treasury Management Activity)
8. The Treasury Management Practices principles and schedules document follows the same format as previous years in that the schedules supporting these practices are at a higher level giving an overview of the processes to be followed. The detail specifying the systems and routines to be employed, the records to be maintained in fulfilling the Council's treasury functions and any other documents supporting the processes are held at an operational level within an operations manual.

Revised CIPFA Treasury Management Code

9. CIPFA published its revised Treasury Management Code on 20th December 2021. The key changes in the code are around knowledge and skills, and the management of non-treasury investments.
10. The attached Treasury Management Practices have been updated to reflect the changes required as a result of the updated code.
11. Of the two changes mentioned, the update to the management of non-treasury investments is the more significant change. An initial investment management practice (IMP1) has been incorporated which replaces TMP13 Non-Treasury Management Investments.
12. The newly created IMP1 is being reviewed to ensure it incorporates the revised requirements of the code. The information included in TMP13 such as risk management, performance measurement and management etc still stand and have been included in IMP1. However, additional items have been introduced



into the schedules which require details on investment objectives and criteria. A report will be presented to audit committee on the updated IMP1 during the remaining part of 2022/23.

13. It should be noted CIPFA have agreed a soft launch of the provisions of the revised code for the 2022/23 financial year. The code will be fully implemented in the 2023/24 financial year, therefore the Council do not have to amend or revise any treasury management strategies or practices for 2022/23 to incorporate the additional disclosure requirements for investment categories.
14. A summary of the key changes related to skills and knowledge and the management of non-treasury investments are below:

Skills and Knowledge

- Updated specification of expertise, knowledge and skills required including approved training
- Additional requirements on monitoring and review of the knowledge and skills of staff and members

Management of non-treasury investments

- A new clause to be adopted as part of the Council's standing orders, financial regulations, or other formal policy documents
 - Investment management practices relating to non-treasury investments are included within the Treasury Management Practices (TMPs) alongside existing TMPs
 - IMP1 replaces TMP13 Non-Treasury Management Investments
15. For the purposes of reporting under the revised code, any investments that are not taken or held for treasury management purposes should be clearly identified and reported in appropriate categories, which are commercial purposes or service purposes.
 16. It should be noted that the Council will not be undertaking any further investments which fall under the 'investments for commercial purposes' category.

Other changes to Treasury Management Practices

17. The other changes to the TMP's are revisions to wording as per the revisions to the code. The changes are highlighted in yellow in order to focus readers on these changes only. There are no significant changes that require additional commentary in this report.

Risk Management and Interest Rates

18. The management of interest rate risk is a key area that needs focus in 2022/23 due to the anticipated further rise in interest rates. The Bank of England



South Somerset District Council

increased interest rates by 0.25% in June and further rate rises are anticipated in the near future. The council has a significant borrowing requirement which is anticipated to increase to £145m (currently £128.5m) in 2022/23.

19. The rise in interest rates and the increase in borrowing costs will almost certainly require an increase in the applicable interest budget in respect of borrowing. The Finance team will continue to liaise with our treasury advisors to seek to minimise the cost of borrowing and look at the options available to the Council which are in line with the approved borrowing strategy.

Financial Implications

20. There are no financial implications associated with these recommendations

Council Plan Implications

21. The proposed treasury management practices are part of the treasury management policy statement which aligns with the 2022/23 Capital Programme and the updated Medium Term Financial Plan. The strategy establishes the borrowing and investment limits and the associated policies and objectives of its treasury management activities. Suitable Treasury Management Practices setting out the manner in which the organisation will seek to achieve those policies and objectives is an essential requirement linked to the Council Plan.

Carbon Emission and Climate Change Implications

22. There are no implications arising from this report.

Equality and Diversity Implications

23. There are no implications arising from this report.

Privacy Impact Assessment

24. There is no personal information included in this report

Background Papers

Treasury Management Strategy Statement 2022/23



South Somerset District Council

Treasury Management Practices

Principles and Schedules

June 2022

Introduction

The CIPFA Treasury Management in the Public Services Code of Practice (the Code) was revised in December 2021. The Code requires for the setting out of the responsibilities and duties of Members and officers, allowing a framework for reporting and decision making on all aspects of treasury management. There is no longer a requirement to formally adopt the Treasury Management Code, but instead the Council is now required by law to have regard to the Code.

Treasury Management is defined by CIPFA as:

The management of the Council's **borrowing**, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with these activities; and the pursuit of optimum performance consistent with those risks.

'Investments' in the definition above covers all the financial assets of the Council, as well as other non-financial assets which the Council holds primarily for financial returns, **such as commercial property portfolios**. Such non-financial assets are not managed as part of the Council's normal treasury management or under treasury management delegations, but they nonetheless require appropriate investment and risk management under the Code; a separate **Treasury Investment Management Practice (IMP 1)** in this document is therefore included, specific to these investments.

The Code identifies three key principles

- (1) Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities
- (2) Their policies and practices should make clear that the effective management and control of risk and prime objectives of their treasury management activities and that responsibility for these lies clearly within these organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds
- (3) They should acknowledge that the pursuit for value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this

CIPFA recommends that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following four clauses.

- (1) The Council 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
 - (b) Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
 - (c) **Investment management practices (IMPs) for investments that are not for treasury management purposes.**

The content of the policy statement, TMPs and IMPs will follow the recommendations contained in Section 6, 7 and 8 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the organisation materially deviating from the Code's key principles.

- (2) The Council will receive reports on its treasury management and investment 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 and IMP's.
- (3) The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Audit Committee, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's policy statement and TMPs and IMPs, and they are a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- (4) Should the treasury management strategy and policies require scrutinising, the Council nominates Scrutiny Committee to perform this function.

Where a Capital Strategy is produced and approved by Full Council, then the District Executive may also set the detailed treasury management policies, whilst being clear that overall responsibility remains with Full Council.

This includes recommendations for the authority to create and maintain:

- A Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities;
- Suitable Treasury Management Practices setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.

The Treasury Management Practices (TMPs) comprise:

TMP 1:	Risk management
TMP 2:	Performance management
TMP 3:	Decision-making and analysis
TMP 4:	Approved instruments, methods and techniques
TMP 5:	Organisation, clarity and segregation of responsibilities and dealing arrangements
TMP 6:	Reporting requirements and management information arrangements
TMP 7:	Budgeting, accounting and audit arrangements
TMP 8:	Cash and cash flow management
TMP 9:	Money laundering
TMP 10:	Training and qualifications
TMP 11:	Use of external service providers
TMP 12:	Corporate governance

The Investment Management Practices (IMPs) comprise:

IMP1:	Management Practices for non-treasury investments (Investments that are not part of Treasury Management Activity)
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TMP 1: Risk management

All treasury management activities involve both risk and the pursuit of reward or gain for the Council. The Council's policies and practices emphasise that the effective identification, management and containment of risk are the prime objectives of treasury management activities.

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment.

The responsible officer will design, implement and monitor all arrangement for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP 6: Reporting requirements and management information arrangements.

1. Credit and counterparty risk management:

Credit and counterparty risk is the risk of failure by a **counterparty ~~third party~~ to meet its contractual obligations to the Council under an investment, borrowing, capital project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the Council's capital and revenue resources.**

Principle: The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment. It will also ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its **treasury management** investment activities to the instruments, methods and techniques referred to in TMP 4: Approved instruments, methods and techniques. The Council also recognises the need to maintain a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

Schedules:

A. Criteria to be used for creating/managing approved counterparty lists/limits

- The S151 Officer is responsible for setting prudent criteria, taking appropriate advice, guidance and assistance from the Council's treasury advisors.
- The criteria will be agreed by Audit Committee and Full Council.
- The current criteria is contained within the operations manual.
- The Council's treasury management advisors will advise on credit policy and creditworthiness related issues. The Council will maintain a counterparty list based on its credit criteria (determined at least annually) and will monitor and update the credit standing of the institutions on a regular basis.
- The Council will maintain a counterparty list based on its criteria and will monitor and update the credit standing of the institutions on a regular basis. This assessment will include consideration of credit ratings from the main ratings agencies and other alternative assessments of credit strength (for example, statements of potential government support which now includes resolution mechanisms for failing financial institutions, Credit Default Swap information, the composition of an institution's balance sheet liabilities). The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.
- The credit rating criteria will also apply to securities issued by financial and non-financial institutions, which in some instances, might be higher than that of the issuing institution.

- Higher time and cash limits may be set for secured investments (e.g. those with underlying collateral or which are by regulation excluded from being bailed-in/restructured in the event of financial distress).
- Where there is no investment-specific rating, but collateral upon which the investment secured is rated, then the higher of the collateral and counterparty rating will be used to determine time and cash limits.

B. Approved methodology for changing limits and adding/removing counterparties

- The S151 Officer has delegated responsibility to add or delete counterparties and to review limits within the parameters of the criteria detailed above
- Where an entity's credit rating is downgraded so that it fails to meet the minimum criteria then:
 - No new investments will be made
 - Any existing investments that can be recalled or sold at no cost will be
 - Full consideration will be given to the recall or sale of other existing investments with the affected counterparty.

Where a credit rating is placed on review for possible downgrade (also termed 'rating watch negative' or 'credit watch negative') so that it may fall below the minimum approved credit criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the rating review has been completed and its outcome known.

C. Counterparty list and limits

- A full individual listing of banking counterparties based on the criteria will be maintained. As credit ratings etc. are subject to change without notice, an up-to-date lending list will be maintained on an ongoing basis within the operations manual.

D. Country, sector and group listings of counterparties and overall limits applied to each where appropriate

- Investments will be displayed so as to show total group exposure, total country exposure and total sector exposure. Group limits have been set for the above in terms of monetary value/percentage of overall portfolio, where appropriate. Group limits for organisation under the same ownership will be set at the same level as the lead institution in that group.

E. Details of credit rating agencies' services and their application

- The Council considers the ratings of the main ratings agencies when making investment decisions. Credit rating agency information is just one of a range of instruments used to assess creditworthiness of institutions.
- No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the minimum credit rating criteria.

F. Description of the general approach to collecting/using information other than credit ratings for counterparty risk assessment

- The Council's Treasury Advisor, Arlingclose, provides timely information on counterparties, in terms of credit rating updates and economic summaries. Credit default swap information is received monthly, as well as information of share price. The Council's Treasury Advisor also undertakes analysis on the balance sheet structure of key banking institutions to help inform the potential restructure (i.e. bail-in) of a bank's unsecured liabilities should this be required by the regulatory authorities. In addition, the S151 Officer reads quality financial press for information on counterparties

2. Liquidity Risk Management:

Liquidity risk is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objective will be thereby compromised.

Principle: The S151 Officer will ensure the Council has adequate (though not excessive) cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the approved capital programme or to fund future debt maturities. will not borrow earlier than required to meet cash flow needs unless there is a clear business case for doing so and will only do so for the current capital programme, to fund future debt maturities, or to ensure an adequate level of short-term investments to provide liquidity for the Council.

Schedules:

A. Cash flow and cash balances

- The Council will aim for effective cash flow forecasting and monitoring of cash balances and will maintain a rolling minimum 6-month cash flow forecast.
- The treasury team will seek to optimise the balance held in the Council's main bank accounts at the close of each working day in order to minimise the amount of bank overdraft interest payable or maximise the amount of interest that can be earned.
- In order to achieve the maximum return from investments, a daily cash balance of +/- £100,000 is the objective for the Council's current account

B. Short term investments

- The Council uses various Reserve Accounts and Money Market Funds to manage its liquidity requirements. These accounts/funds are named on the Council's approved counterparty list. The maximum balance on each of these accounts is reviewed and set as part of the Council's investment strategy.

C. Temporary Borrowing

- Temporary borrowing up to 364 days through the money market is available should there be a cash flow deficit at any point during the year.
- At no time will the outstanding total of temporary and long-term borrowing together with any bank overdraft exceed the Council-approved Prudential Indicator for the Authorised Borrowing Limit.

D. Borrowing in advance of need

- The Council may decide to borrow in advance of need where this is expected to provide the best long-term value for money. Since, amounts borrowed will be invested until spent.
- The Council may be exposed to the risk of both the loss of the borrowed sums, and also that investment and borrowing rates may change during the intervening period. These risks will be managed as part of the Council's overall treasury risk management.
- The total amount borrowed will not exceed the approved authorised borrowing limit.

3. Interest Rate Risk Management:

Interest Rate risk is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

Principle: The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or ~~securing its interest~~ **revenues in accordance with its treasury management policy and strategy and** ~~amounts provided in its budgetary arrangements as amended~~ in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs, and that the policy for the use of derivatives is clearly detailed in the annual strategy.

Schedules:

A. Minimum/maximum proportions of fixed/variable rate debt/interest

- Borrowing/investments may be at a fixed or variable rate
- The proportion of fixed and variable rate debt will be determined as part of the annual borrowing strategy to address the issues of affordability but without compromising the longer-term stability of the debt portfolio. The proportion will be kept under review on a regular basis.
- In setting its Treasury Strategy on an annual basis, the Council will determine the necessary degree of certainty required for its plans and budgets but will, at the same time, allow sufficient flexibility to enable it to benefit from potentially advantageous changes in market conditions and level of interest rates and also to mitigate the effect of potentially disadvantageous changes.

B. Managing changes to interest rate levels

- The main impact of changes in interest rate levels is to monies borrowed and invested at variable rates of interest.
- The Council will consider matching borrowing at variable rates with investments similarly exposed to changes in interest rates as a way of mitigating any adverse budgetary impact.
- The Council may determine it is more cost effective in the short-term to fund its borrowing requirement through the use of internal resources ('internal borrowing') or through borrowing short-term loans. The benefits of such borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing or refinancing in future years when interest rates are expected to be higher.
- Alternatively, the Council may consider forward starting loans where the interest rate is fixed in advance but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a 'cost of carry' in the intervening period.
- Interest rate forecasts are provided by the Council's advisors and are closely monitored by the treasury team. Variations from original estimates and their impact on the Council's debt and investments are notified to the Audit Committee as necessary.

- For its investments, the Council also considers dealing from forward periods dependent upon market conditions. The Council's counterparty term limits will apply and will include the forward period of the investment.
- Negative interest rates, should economic conditions be such that the Bank of England sets Bank Rate at or below zero, this is likely to feed through into negative rates on short term, low risk investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even if it is below the amount originally invested.

C. Details of approved interest rate exposure limits

- The upper limits on one-year revenue impact of a 1% rise or fall in interest rates are determined each year as part of the Treasury Management indicators included in the Treasury Management Strategy

D. Details of hedging tools used to manage risk

- The Council's legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Act is not sufficiently explicit. Consequently, the Council does not intend to use derivatives to manage interest rate risk.
- Should this position change, the Council will develop a detailed risk management framework governing the use of derivatives, which will require full Council approval.

4. Exchange Rate Risk Management:

The risk that the fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances against which the Council has failed to protect itself adequately.

Principle: ~~The Council will ensure that it protects itself adequately against the risk of fluctuations in exchange rates creating an unexpected or unbudgeted burden on the Council's finances. It will manage any exposure to fluctuation in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.~~ **manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.**

Schedule:

A. Exchange rate risk management

- This Council does not, on a day to day basis, have foreign currency transactions or receipts. Unexpected receipt of foreign currency will be converted to sterling at the earliest opportunity.
- If the Council has a contractual obligation to make a payment in a currency other than sterling then forward foreign exchange transactions will be considered, with professional advice.
- At the present time statute prevents the Council borrowing in currencies other than Sterling. The Council has determined that all its investments will be in sterling.

5. Inflation risk Management:

Inflation risk, also called purchasing power risk, is the chance that the cash flows from an investment ~~investment~~ **treasury instruments (such as investments) won't be worth as much in the future because of changes in purchasing power due to inflation.**

Principle: The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

Schedule:

A. Inflation rate risk management

- Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- The Council will identify all contractual obligations which are linked to inflation, whether receipts or payments, in relation to its treasury assets and liabilities and regularly review the financial impact of a <+/- 1%> increase/decrease in inflation from existing levels.

6. Refinancing Risk Management:

The risk that maturing borrowing, capital, project or partnership financing cannot be refinanced on terms that reflect the provisions made by the ~~organisation~~ Council for such refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

Principle: The Council will ensure that its borrowing **and other long-term liabilities are negotiated, structured and documented**, and the maturity profile of ~~the monies private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of~~ the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

Schedules:

A. Projected capital investment requirements

- 3 to 5 year projections are maintained for capital expenditure and financing. Financing will be from capital receipts, reserves, revenue contributions, grants or contributions received, internal or external borrowing.
- As required by the Prudential Code, the Council will undertake options appraisal to evaluate the best capital expenditure financing route.
- The Council's projected long-term borrowing requirement will be linked to the projected Capital Financing Requirement and liability benchmark.

B. Debt profiling, policies and practices

- To assist with long-term borrowing decision making, the Council creates, with advice and assistance from its treasury advisor, a 'Liability Benchmark' which forecasts the need to borrow over the medium to longer-term, taking into account usable reserves and working capital projections.
- Based on the output of the Liability Benchmark and the Council's outlook on interest rates, any longer-term borrowing will be undertaken in accordance with the Code and will comply with the Council's Prudential Indicators and the Annual Treasury Management Strategy.
- The Council will maintain through its treasury and capital systems reliable records of the terms and maturities of its borrowing, capital, project and partnership funding and, where appropriate, plan and successfully negotiate terms for its refinancing.
- Where the lender to the Council is a commercial body the Council will aim for diversification in order to spread risk and avoid over-reliance on a small number of counterparties.

C. Policy concerning limits on revenue consequences of capital financing

- The revenue consequences of financing the capital programme are included in cash flow models, annual revenue budget estimates and medium term forecasts.

7. Legal and Regulatory Risk Management:

The risk that the Council, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

Principle: The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1 (A) Credit and Counterparty risk management, it will ensure that there is evidence of counterparties' powers. Authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

Schedules:

A. References to relevant statutes and regulations

- The treasury management activities of the Council shall comply fully with legal statute and the regulations of the Council. These are:
 - CIPFA's Treasury Management Code of Practice 2017 **2021**, accompanying Guidance Notes and subsequent amendments
 - CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities
 - CIPFA Prudential Code for Capital Finance in Local Authorities and subsequent amendments
 - CIPFA Standard of Professional Practice on Treasury Management
 - The Local Government Act 2003
 - The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 SI 2003 No 3146, and subsequent amendments
 - The MHCLG's statutory Guidance on Minimum Revenue Provision (MRP)
 - The MHCLG Statutory Guidance on Local Government Investments in England
 - The Local Authorities (Contracting out of Investment Functions) Order 1996 SI 1996 No 1883
 - LAAP Bulletins
 - Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (from 2010/11 onwards)
 - Accounts and Audit Regulations 2003, as amended together with MHCLG's Guidance
 - The Localism Act 2011
 - The Bank of England's 2017 Money Markets Code (which replaces the former Non-Investment Products Code)
 - Council's Constitution including:-
 - Standing Order relating to Contracts
 - Financial Regulations
 - Scheme of Delegation

B. Procedures for evidencing the organisation's powers/authorities to counterparties

- The Council's Financial Procedure Rules contain evidence of the power/ authority to act as required by section 151 of the Local Government Act 1972, under the general direction of the Audit Committee.

- The Council will confirm, if requested to do so by counterparties, the powers and authorities under which the Council effects transactions with them.
- Where required, the Council will also establish the powers of those with whom they enter into transactions, including any compliance requirements in respect of a duty of care and best practice.

C. Required information from counterparties concerning their powers/ authorities

- Investments shall only be made in institutions on the Council's authorised lending list or in securities which meet the Council's approved credit criteria.
- The Council will only undertake borrowing from approved sources listed in TMP4 Approved instruments, methods and techniques.

D. Statement on political risks and management of the same

- Political risk is managed by:
 - adoption of the CIPFA Treasury Management Code of Practice
 - adherence to Corporate Governance (TMP 12 – Corporate Governance)
 - adherence to the Statement of Professional Practice by the S151 Officer
 - the roles of the Audit Committee

8. ~~Fraud, Error and Corruption, and Contingency Management~~ Operational risk, including fraud, error and corruption:

~~This is the risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk referred to as operational risk.~~ The risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes the risk of fraud, error, corruption or other eventualities in treasury management dealings.

Principle: The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through inadequate or failed internal processes, people and system or from external events. ~~fraud, error, corruption or other eventualities in its treasury management dealings.~~ Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

Schedule:

A. Details of systems and procedures to be followed, including Internet services

- Segregation of duties minimises the possibility of fraud and loss due to error and is detailed in TMP 5 Organisation, Clarity and segregation of responsibilities and, dealing arrangements.
1. Electronic Banking and Dealing
 - a) The Council's online banking service provided by Natwest is subject to separate log-on and password control allowing varying levels of access. Details of transactions and balances are available as required, and the systems also holds historic data.
 - b) Access to the Council's Treasury management drive is limited to those roles listed below, each having a separate log-on and password.
 - S151 Officer
 - Lead Specialist - Finance
 - Finance Specialists x 4
 - Support Services Case Services Officers x 4

- c) Full procedure notes covering the day to day operation of the on-line banking system, dealing platforms and the treasury management systems are documented and included within the operations manual.

2. Standard Settlement Instructions

- a) A list is maintained of named officers who have the authority to transact loans and investments.
- b) Brokers and counterparties with whom the Council deals direct are provided a copy of the Standard Settlement Instructions list.

3. Payment authorisation

- a) Payments can only be approved by authorised signatories of the Council, the list of signatories having previously been agreed with the Council's bank.
- b) Inflow and outflow of monies borrowed and invested will only be from the counterparty's bank accounts.
- c) Separate officers will carry out (a) dealing and (b) authorisation of deals

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B. Verification

- Loans and investments will be maintained in registers which will include fees and brokerage paid.
- Transactions will be cross checked against broker notes, counterparty confirmations and PWLB loan schedules by verifying dates, amounts, interest rates, maturity, interest payment dates etc.
- When receiving requests for change of payment details. Due care will be exercised to ascertain the bona fide of the request and avoid potential fraud. Additional checks will be made through pre-existing contact details for the payee before amending payment details.

C. Substantiation

- The Treasury Management spreadsheets are reconciled with financial ledger codes at the end of each month and at the financial year end.
- Working papers are retained for audit inspection.
- The bank reconciliation is carried out monthly from the bank statement to the financial system.

D. Internal Audit

- Internal Audit carry out regular reviews of the treasury management function including probity testing. See TMP7 Budgeting, accounting and audit arrangements.

E. Contingency Management

- All treasury spreadsheets are retained on the Council's network. Daily back-ups are taken and maintained and network back-ups can be used by the IT department to restore files, if necessary.
- If the electronic banking system fails, the Council have to contact the bank via telephone who will provide balances for the day. If any CHAPS payments are to be made manual forms are completed and faxed/taken to the bank before 12 noon so they can be processed on the Council's behalf.

F. Insurance Cover details

- The Council has Fidelity guarantee insurance cover. Details of the provider and cover are held by the Support Services Case Services Officer.

9. Price Risk Management:

This is the risk that, through adverse market fluctuations in the value of the principal sums the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

Principle: This Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

Schedules:

A. Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate

- Investment instruments used by the external fund managers are subject to fluctuation in capital movements and exposed to interest rate risk. In order to minimise these risks, capital preservation is set as the primary objective and pursuit of investment performance should be commensurate with this objective.
- The Council may consider an investment in Pooled Funds with a Variable Net Asset Value (VNAV), as appropriate, in line with its treasury strategy and on advice from its treasury advisors.
- The value of the pooled funds will change in line with market prices and, in some instances, may also have a notice period prior to redemption. Such funds will therefore be used for longer investment periods. The limits per fund/asset class will be as determined in the Council's annual investment strategy.
- Additionally, should the Council have segregated fund management arrangements, then risk control guidelines will be set for each fund management agreement to control market risk:
 - (a) Maximum weighted average duration of the fund;
 - (b) Maximum permitted exposure to gilts/bonds;
 - (c) Maximum maturity of any instrument.

B. Accounting for unrealised gains/losses

- The method of accounting for unrealised gains or losses on the valuation of financial assets comply with the Accounting Code of Practice
- Variable Net Asset Value pooled funds will be treated as Available for Sale Assets. Segregated fund with external managers will be treated as Fair Value through Profit or Loss.

TMP 2: Performance Measurement

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Principle: The treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, or the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out below. **The criteria will include measures of effective treasury risk management and not only measures of financial performance (income or savings).**

Schedules:

A. Policy concerning methods for testing value for money

- Best value reviews will include the production of plans to review the way services are provided in order to pursue continuous improvement in the way the Council's functions are exercised, having regard to a combination of value for money, efficiency and effectiveness, by:
 - a) Challenging
 - b) Comparing performance
 - c) Consulting with other users and interested parties
 - d) Applying competition principles

B. Policy concerning methods for performance measurement

- Performance measurement is intended to calculate the effectiveness of treasury activity in delivering the strategic objectives set through the Treasury Management Strategy and the Council's Prudential Indicators and to enhance accountability.
- Prudential Indicators are local to the Council and are not intended as a comparator between authorities.
- The performance review will be made in the light of general trends in interest rates during the year and how the decisions made corresponded with these trends and the Council's agreed strategy, i.e. the Council will avoid hindsight analysis.
- Any comparison of the Council's treasury portfolio against recognised industry standards, market indices and other portfolios is intended to:
 - a) Allow the Council the opportunity to assess the potential to add value through changes to the existing ways in which its portfolio is managed and
 - b) Permit an informed judgement about the merits or otherwise of using new treasury management techniques or instruments.
- In drawing any conclusions, the Council will bear in mind that the characteristics of its treasury operations may differ from those of other Councils, particularly with regard to the position on risk.

C. Methodology to be applied for evaluating the impact of treasury management decisions

- Monitoring of the outcome of treasury management activity against Prudential Indicators approved by the Council will be carried out by the Lead Finance Specialist, with financial implications included in budget monitoring reports.
- The mid-year and year-end Treasury Performance Reports will also include performance and narrative in meeting the approved Prudential Indicators.
- The Council's Treasury Management advisers review the existing debt portfolio and all transactions that have occurred in the interim in order to ensure that best practice has been achieved.
- The Council participates in the Treasury Management Advisor's quarterly investment benchmarking as well as the Treasury Management Advisor's annual Balance Sheet and Debt benchmarking.
- The Council's Treasury Management advisors compare the performance of the Council's in-house funds against all its other clients and submits the results quarterly to the S151 Officer.

D. Benchmarks and calculation methodology with regard to risk and return

- Investment returns are compared to the 7-day LIBID benchmark. For Internally Managed Investment Returns - total interest accruing during the month or year on average daily balances invested during the calendar month.

E. Value for Money

- The treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated corporate and service objectives.
- When tendering for treasury-related or banking services, the Council adheres to its Financial Regulations and Contracts Procedure Rules

TMP 3: Decision Making and Analysis

Principle: The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

The guidance on decision making states that relevant due diligence should take place on all transactions. In respect of investment decisions, the organisation should consider the risks to capital and returns and the implications for the organisation's future plans and budgets.

The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed below.

Schedules:

A. Capital expenditure and investment Plans

- The 2017 Prudential Code requires the Council to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority.
- Effective financial planning, option appraisal and governance processes are essential in achieving a prudential approach to capital expenditure, investment and debt.
 - a) The Council has an Investment Strategy and a Capital Strategy that is prepared/reviewed alongside the Medium Term Financial Strategy, for Scrutiny and Audit Committee to review and District Executive and Council to review and approve
 - b) The Council has established an Investment Assessment Group who undertake due diligence, report on performance and recommend investments to acquire, or assets to dispose of, to the Chief Executive Officer, that meet required criteria set out in the Council's Commercial Strategy. A business case is completed in each case to ensure transparency, due diligence, governance and consistency to aid achievement of the Commercial Strategy and the Corporate Plan objectives. If a unanimous recommendation to proceed is made by the IAG, the proposal will be recommended to the Chief Executive Officer for a final decision in consultation with the Council Leader. There is regular performance monitoring to demonstrate how investments are performing over time, and to enable portfolio review to take place to maximise benefit over time.
 - c) The Capital Programme is reviewed annually and all capital expenditure is subject to the submission of a business case and bid request

B. Major treasury decisions

- As a public service organisation, there is a requirement to demonstrate openness and accountability in treasury management activities. Accordingly, the Council will create and maintain an audit trail of major treasury management decisions which comprise either:
 - a) Changes to Prudential Indicator(s) during the course of the financial year
 - b) Options Appraisal to determine a funding decision
 - c) Raising a new long-term loan / long-term source of finance
 - d) Prematurely restructuring/redeeming an existing long-term loan(s)
 - e) Investing longer-term (i.e. in excess of 1 year)
 - f) Utilisation of investment instruments which constitute capital expenditure (i.e. loan capital/share capital in a corporate body)
 - g) Leasing
 - h) Change in banking arrangements
 - i) Appointing/replacing a treasury advisor
 - j) Appointing/replacing a fund manager

C. Process

- The Council's strategy for the application of its treasury policy is set out in the Treasury Management Strategy.
- Based on the Treasury Management Strategy, the Specialist - Finance will on a monthly basis prepare 24 month rolling forecasts of the financing, borrowing and surplus cash requirements of the Council, for the purpose of:
 - applying the strategy on a day to day basis
 - monitoring the results of the strategy
 - recommending amendments to the strategy to the Audit Committee where applicable during the course of the year.

D. Delegated powers for treasury management

- The S151 Officer has delegated powers to carry out the Council's strategy for debt management, capital finance and borrowing, depositing surplus funds and managing the cash flows of the Council.

E. Issues to be addressed, evaluation, authorisation

- In exercising these powers, the S151 Officer and those to whom the treasury activity has been delegated will
 - Have regard to the nature and extent of any associated risks to which the Council may become exposed
 - Be certain about the legality of the decision reached and that the necessary authority to proceed has been obtained
 - Be satisfied that the documentation is adequate to deliver the Council's objectives, protect the Council's interests, and to maintain an effective audit trail
 - Ensure that the perceived credit risk associated with the approved counterparties is judged satisfactory and is within agreed limits
 - Be satisfied that the terms of any transactions have been fully checked against the market, and have been found to be competitive
 - Follow best practice in implementing the treasury transaction.
- In exercising Borrowing and Funding decisions, the responsible person will:
 - Evaluate economic and market factors that may influence the manner and timing of any decision to fund
 - Consider alternative forms of funding, including use of revenue resources, leasing and private partnerships

- Consider the use of internal resources and/or, the most appropriate periods to fund and repayment profiles to use
 - Consider ongoing revenue liabilities created
 - Where applicable, monitor regularly the benefits of internal borrowing against the potential for incurring additional costs by deferring borrowing into future years.
- The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. In exercising Investment decisions, the responsible person will:
 - Determine that the investment is within the Council's strategy and pre-determined instruments and criteria;
 - Consider the optimum period, in the light of core balances and reserves, cash flow availability and prevailing market conditions;
 - Consider the risk associated with unsecured investments with banks and building societies
 - Consider the alternative investment products and techniques available if appropriate.

F. The processes to be followed will be in keeping with TMP 4: Approved, Instruments, Methods and Techniques.

G. Evidence and records to be kept

- The Council will maintain a record of all major treasury management decisions, the processes undertaken and the rationale for reaching the decision made. These will allow for a historical assessment of decisions made and verification that any checks and safeguards are indeed in place and operating correctly.
- Records and working papers will be securely stored and maintained in line with proper accounting practice and the Council's record management policies.

TMP 4: Approved Instruments, Methods and Techniques

Principle: The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 Risk Management.

Where this Council intends to use derivative instruments for the management of risks, these will be limited to those set out in the annual treasury strategy. The Council will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

The Council has reviewed its classification with financial institutions under MiFID II and has set out in the schedule those organisations with which it is registered as a professional client. If not registered as a professional client and those with which it has an application outstanding to register as a professional client the Council, by default is treated as a retail client by financial institutions.

Schedules:

A. Approved treasury management activities

- The Council is permitted to undertake the following activities
 - Managing cash flow
 - Capital financing
 - Borrowing including debt restructuring and debt repayment
 - Lending including redemption of investments
 - Banking
 - Leasing
 - Managing the underlying risk associated with the Council's capital financing and surplus funds activities.
- The above list is not definitive and the Council would, from time to time, consider new financial instruments and treasury management techniques. However, the Council will consider carefully whether the officers have the skills and experience to identify and manage the advantages and risks associated with using the instruments/techniques before undertaking them, more so as some risks may not be wholly or immediately transparent.

B. Approved capital financing methods and types/sources of funding

- On balance sheet
 - Public Works Loans Board (PWLB) loans and any successor body
 - Long term money market loans including forward starting loans and LOBOs
 - Temporary money market loans (up to 364 days).
 - Bank overdraft
 - Loans from bodies such as the European Investment Bank (EIB)
 - Stock issues
 - Deferred Purchase
 - Government and EU Capital Grants
 - Lottery monies
 - Other Capital Grants and Contributions
 - Private Finance Initiative
 - Operating and finance leases
 - Hire Purchase
 - Sale and leaseback
- Internal Resources
 - Capital Receipts
 - Revenue Balances
 - Reserves
- Approved sources of long-term and short-term borrowing include
 - Public Works Loan Board (PWLB) and its successor body
 - Any institution approved for investments
 - Any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds
 - UK Municipal Bonds Agency and other special purpose vehicles created to enable local authority bond issues
- The level of debt will be consistent with the Treasury Management Strategy and the Prudential Indicators.

C. Approved investment instruments

- The Council will determine through its Annual Investment Strategy (AIS) which instruments it will use, giving priority to the security and liquidity (in that order) of its invested monies. The investments will be categorised as 'Specified' or 'Non Specified' based on the criteria set out in the MHCLG Investment Guidance 2018 (as amended).

- The Council will determine through the AIS which instruments will be used in-house and which will be used by the appointed external fund manager(s) including the maximum exposure for each category of non-specified investments. Where applicable, the Council's credit criteria will also apply.
 - Deposits with the UK government, the Debt Management Account Deposit Facility (DMADF), and UK local authorities
 - Banks and building societies unsecured short-term (call and notice accounts, deposits, certificates of deposit)
 - Investments in Money Market Funds, i.e. 'AAA' liquidity funds with a 60-day Weighted Average Maturity (WAM)
 - Treasury Bills
 - Gilts
 - Bonds issued by multilateral development banks
 - Sterling denominated bonds by non-UK sovereign governments
 - Covered bonds (i.e. those with underlying collateral)
 - Unsecured corporate bonds
 - Reverse Repurchase Agreements ('reverse repos')
 - Investments with Registered Providers of Social Housing (i.e. housing associations)
 - Commercial paper
 - Floating Rate Notes
 - Real estate investment trusts
- Pooled funds, i.e. Collective Investment schemes as defined in SI 2004 No 534 and subsequent amendments and which invest in cash instruments / bonds / equities / property – (bond, equity, property and multi asset funds will be long-dated strategic investments). The Council will ensure it maintains the skills and experience necessary to evaluate the benefits and control the risks associated with the above investment instrument.

D. Investments that are not part of treasury management activity

- These are investments whereby the Council invests in other financial assets and property primarily for financial return. Such activity includes investments in subsidiaries.
- The Council ensures that it has the same robust procedures for the consideration of risk and return and
 - Ensures that all investments, including non-treasury investments are covered in the Capital Strategy.
 - Maintains a schedule of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the corresponding risk exposure.

E. Use of Derivatives

- The Council intends to use derivative instruments for the management of risks, limited to those set out in the annual treasury strategy. The Council will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.
- Currently, Local Authorities' legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Act is not sufficiently explicit. Consequently, the Authority does not intend to use derivatives. Should this position change, the Authority may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require full Council approval.

TMP 5: Organisation, clarity and segregation of responsibilities and dealing arrangements

Principle: The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule below.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule below.

The delegations to the responsible officer in respect of treasury management are set out in the schedule below. The responsible officer will fulfil all such responsibilities in accordance with the organisation's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

Schedules:

A. Limits to responsibilities at Executive levels

Council

- Budget consideration and approval.
- Approval of amendments to the Treasury Management Strategy, the organisation's adopted clauses and treasury management policy statement
- Approval of annual report on Treasury Management

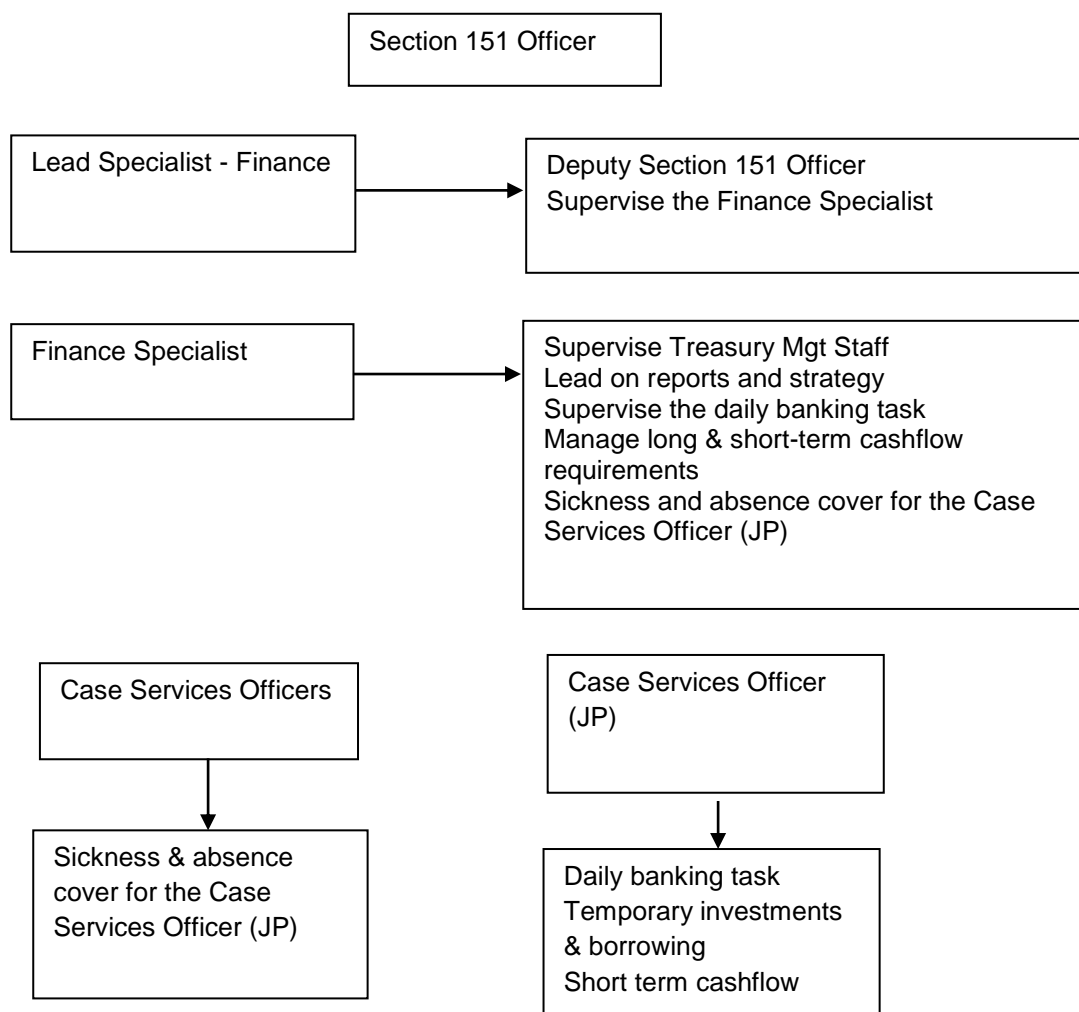
Audit Committee

- Receiving and reviewing reports on treasury management policies, practices and activities
- Receiving and reviewing Prudential Indicators as part of the budget setting process
- Receiving and reviewing external audit reports and acting on recommendations
- Approving the Treasury Management Practices
- Approving the selection of external service providers and agreeing terms of appointment
- Overview of Treasury Management function

B. Principles and practices concerning segregation of duties

- Officers involved in the daily banking task are not to undertake bank reconciliation duties.
- Authorised signatories signing CHAPS forms are not to authorise that payment on the Bankline system.

C. Statement of duties/responsibilities of each treasury post



S151 Officer

- The S151 Officer will:
 - a) Regularly review and recommend treasury management policy and practices for approval, and monitor compliance
 - b) Determine Prudential Indicators, Treasury Management Strategy (including the Annual Investment Strategy) and Capital Strategy
 - c) Submit regular treasury management policy reports
 - d) Submit budgets and budget variations
 - e) Receive and review management information reports
 - f) Review the performance of the treasury management function and promote best value reviews
 - g) Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
 - h) Ensure the adequacy of internal audit
 - i) Liaise with external audit
 - j) Recommend the appointment of external service providers.
- The S151 Officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to take the most appropriate form of investments in approved instruments.

- The S151 Officer may delegate powers to borrow and invest to specified staff members. The Lead Specialist - Finance, Finance Specialist, Case Services Officers or other staff authorised by the S151 Officer to act as temporary cover for leave/sickness, must conduct all dealing transactions. All transactions must be authorised by at least two of the named officers above.
- The S151 Officer will ensure that the Policy is adhered, and if not will bring the matter to the attention of elected members as soon as possible.
- Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the S151 Officer to be satisfied, by reference to the Monitoring Officer (Lead Specialist - Legal), the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.
- It is also the responsibility of the S151 Officer to ensure that the Council complies with the requirements of The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

Finance Specialist

The responsibilities of this post will be:-

- a) Adherence to agreed policies and practices on a day-to-day basis
- b) Supervising activities of treasury management staff
- c) Monitoring performance on a day-to-day basis
- d) Monitoring the Treasury Management Budget
- e) Managing long and short term cash flow
- f) Overseeing and authorising execution of transactions
- g) Submitting management information reports to the responsible officer

Chief Executive Officer

The responsibilities of this post will be: -

- a) Ensuring that the system is specified and implemented
- b) Ensuring that the S151 Officer reports regularly to the responsible committee/the Council on treasury policy, activity and performance.

Monitoring Officer

The responsibilities of this post will be: -

- a) Ensuring compliance by the S151 Officer with the treasury management policy statement and treasury management practices and that they comply with the law
- b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice
- c) Giving advice to the S151 Officer when advice is sought.

Internal Audit (SWAP)

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and procedures
- b) Reviewing division of duties and operational practice
- c) Assessing value for money from treasury activities
- d) Undertaking probity audit of treasury function.

D. Absence cover arrangements

- In the absence of the S151 Officer, the Lead Specialist – Finance (Deputy S151 Officer) shall take on board the responsibilities and duties of the S151 Officer.
- Under the supervision of the Specialist Finance, the general day to day activities shall be undertaken by the Case Services Officer (JP). However, this may from time to time passed to other Case Services Officers.
- In the absence of the Specialist Finance, the responsibilities and duties will be undertaken by the Lead Specialist - Finance or other Finance Specialist (or officers authorised by the S151 Officer to act as temporary cover) supported by the rest of the Treasury Management team.

E. Dealing limits

- Currently there is a £10m upper limit in the total value of out-going CHAPS transactions in any one day without reference to the National Westminster Bank plc. Transactions that exceed the £10m limit will be referred back to the Treasury team for explanation.

F. List of approved brokers

- Martins Brokers (UK) plc, 25 Dowgate Hill, London, EC4R 2BB
- Kings and Shaxson, Cutlers Court, 115 Houndsditch, London, EC3A 7BR
- Tradition (UK) Ltd, Beaufort House, 15 St Botolph Street, London, EC3 7QA

G. Policy on brokers' services

- It is the Council's policy to utilise the services between at least two brokers. The Council will maintain a register of business between them in order to avoid relying on the services of any one broker. Any changes to the list of approved brokers will not be made without prior consultation with the S151 Officer.

~~H. Policy on recording of conversations~~

- ~~• In line with good practice, all conversations relating to deals with either brokers or direct dealing institutions are recorded. The recordings are to be kept for a minimum period of one year.~~

I. Direct dealing practices

- Direct dealing is carried out with institutions identified in the Operations Manual subject to counterparty and maturity limits and dealing limits. Prior to undertaking direct dealing, the Council will ensure that each counterparty has been provided with the Council's list of authorised dealers and the Council's Standard Settlement Procedures.

J. Settlement transmission procedures

- The preferred method of transmitting information relating to deals is by email.

K. Documentation requirements

- Copy of CHAPS form confirming transmission of funds to counterparty
- Broker/direct dealer documentation confirming counterparty, deal amount, maturity date and rate.

L. Arrangements concerning the management of third-party funds.

- The following funds are managed by South Somerset District Council:
 - Joint Burial Committee
 - Dorcas House Trust
 - ACI Chard Regeneration Scheme

However, there are small amounts of money held on behalf of third parties that have been held for many years. These sums are immaterial and absorbed into the cash balances of the Council. There being no further interest payable, the principal will be repaid to the third party on the production of appropriate documentation.

TMP 6: Reporting Requirements and Management information arrangements

Principle: The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, Full Council will receive:

- a) An annual report on the strategy and plan to be pursued in the coming year
- b) A mid-year review
- c) An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

In line with the Prudential Code 2017 **2021**, Council may choose to delegate (b) and (c) to the Audit Committee (or other committee).

The Audit Committee will receive regular monitoring reports on treasury management activities, performance and risks usually in the form of the mid-year and annual reports subsequently presented to Full Council.

The Audit Committee will have responsibility for the scrutiny of treasury management policies, practices and performance.

Schedules:

A. Capital Strategy

- This is a summary document approved by Full Council covering capital expenditure and financing, treasury management and non-treasury investments. It is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

The Capital Strategy will include:

- Capital expenditure, including the approval process, long-term financing strategy, asset management, maintenance requirements, planned disposals and funding restrictions.
- Commercial activities, including due diligence processes, the authority's risk appetite, proportionality in respect of overall resources, requirements for independent and expert advice and scrutiny arrangements.
- Long-term context in which capital expenditure decisions are made for the above, risk and reward considerations and impact on the achievement of priority outcomes.

- Debt management, including projections for the level of borrowing, capital financing requirement and liability benchmark, provision for the repayment of debt, the authorised limit and operational boundary for the coming year and the authority's approach to treasury management.
 - Other long-term liabilities, such as financial guarantees.
 - Knowledge and skills, including a summary of that available to the authority and its link to the authority's risk appetite.
- The strategy should include sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured and to meet legislative requirements on reporting.
 - The Section 151 Officer will report explicitly on the affordability and risk associated with the Capital Strategy and, where appropriate, have access to specialised advice to enable the members to reach their conclusions.
 - The Section 151 Officer will also ensure that where detailed information is required, this will be made available in a format to encourage active engagement and, if necessary, any associated training needs of members.

B. Frequency of executive reporting requirements

- The responsible officer will annually submit budgets and will report on budget variations as appropriate.
- The responsible officer will submit the Treasury Strategy Statement (including Annual Investment Strategy) and report on the projected borrowing and investment strategy and activity for the forthcoming financial year to Full Council before the start of the year.
- A Mid-Year Treasury Report will be prepared by the responsible officer, which will report on treasury management activities for the first part of the financial year. The report will also provide a forecast for the current year. The Mid-Year Report will be submitted to Full Council during the year.
- The Annual Treasury Report will be prepared as soon as practicable after the financial year end.
- All of the above reports will also be submitted to Audit Committee, who will be responsible for the scrutiny of treasury management policies and practices.

C. Content of Reporting: 1. Prudential Indicators

- The Council will set the following Prudential Indicators, revise if necessary, and following the year end publish actual (where appropriate) in respect of:
 - Financing costs as a proportion of net revenue stream (estimate; actual)
 - Capital expenditure (estimate; actual)
 - Capital Financing Requirement (estimates; actual)
 - Authorised limit for external debt
 - Operational boundary for external debt
 - Treasury Management Indicators
 - Upper and lower limits to maturity structure of fixed rate borrowing
 - Upper limit to total of principal sums invested longer than 364 days.
- The Prudential Indicators are approved and revised by Full Council and are integrated into the Council's overall financial planning and budget process.
- The Audit Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.

D. Content of Reporting: 2. Treasury Strategy Statement including the Annual Investment Strategy

- The Treasury Strategy Statement integrates with the Prudential Indicators being set and will include the following:
 - Link to Capital Financing and Treasury Management Prudential Indicators for the current and ensuing three years
 - Strategy for financing new borrowing requirements (if any) and refinancing maturing borrowing (if any) over the next three years and for restructuring of debt
 - the extent to which surplus funds are earmarked for short term requirements
 - the investment strategy for the forthcoming year(s)
 - the minimum to be held in short term/specified investments during the coming year
 - The interest rate outlook against which the treasury activities are likely to be undertaken.

Note: The MHCLG Investment Guidance 2018 requires the Council to prepare an annual Capital Strategy. Most if not all Prudential Indicators will be included in the Capital Strategy which will be considered for approval in February.

- Based on the MHCLG's Guidance on Local Authority Investments, the Council will produce an Annual Investment Strategy (AIS) which sets out
 - the objectives, policies and strategy for managing its investments;
 - the determination of which Specified and Non Specified Investments the Council will utilise during the forthcoming financial year(s) based on the Council's economic and investment outlook and the expected level of investment balances;
 - the limits for the use of Non-Specified Investments.
- The AIS will be integrated into the Treasury Strategy Statement.
- The Audit Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.

E. Content of Reporting: 3. Mid-Year Treasury Report

- The Finance Specialist will produce a mid-year report for Full Council on the borrowing and investment activities of the treasury management function (including performance of fund managers) for the first six months of the financial year.
- The main contents of the report will comprise:
 - Economic background
 - Economic forecast (including interest rates forecast)
 - Treasury Management Strategy Statement update
 - Performance versus benchmarks
 - Borrowing information (including premature repayment, new loans information)
 - Information on investments, including current lending list
 - Prudential indicators relating to treasury management
 - Governance framework and scrutiny arrangements
- The Audit Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.

F. Content of Reporting: 4. Annual Treasury Report

- The Finance Specialist will produce an annual report for Full Council on all activities of the treasury management function as soon as practicable after year end and in all cases no later than 30 September of the succeeding financial year.
- The main contents of the report will comprise:
 - confirmation that the Council calculated its budget requirements and set a balanced budget for the forward year;
 - the prevailing economic environment
 - a commentary on treasury operations for the year, including their revenue effects;
 - commentary on the risk implications of treasury activities undertaken and the future impact on treasury activities of the Council
 - compliance with agreed policies/practices and statutory/regulatory requirements
 - compliance with Prudential Indicators;
 - performance measures.
- The Audit Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.

G. Content and frequency of management information reports

- Management information reports will be prepared each quarter by the Finance Specialist and will be presented to the S151 Officer.
- These reports will contain the following information: -
 - Summary cash flow forecasts
 - Information on investment in Bonds, Certificates of Deposits and Treasury Bills.
 - Details of in-house investments, including interest to date, benchmark rate and rate achieved, and forecast of interest for the remainder of the year.
 - Details of fees payable.
 - Current and forecast borrowing requirement, analysed between internal and external borrowing
 - Forecast of surplus/deficit for the financial year against treasury budgets (interest costs and income).
 - Narrative highlighting performance, opportunities, risks and any areas of concern or areas of note.

TMP 7: Budgeting, accounting and audit arrangements

Principle: The Responsible Officer will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques. The form which the Council's budget will take is set out in the schedule below.

The Responsible Officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. ~~The present form of the Council's accounts is set out in the schedule.~~

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed below:-

Schedule:

A. Statutory/regulatory requirements

- The framework for accounting in local government comes from the Code of Practice on Local Authority Accounting in the UK and related Guidance issued by CIPFA.

B. Proper accounting practice

- CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom constitutes "proper accounting practice under the terms of S21 (2) of the Local Government Act 2003".

C. Financial Statements

- The Council's financial statements are produced annually, reported to the Audit Committee for approval and published on the Council's website.

D. Treasury-related information requirements of external auditors

- The following information is specifically requested by the external auditor and should be considered an initial request for information. It is usually followed by more detailed audit testing work which often requires further information and/or explanations from the Council's officers. Information in this context includes internally generated documents including those from the Council's Treasury Management System, externally generated documents, observation of treasury management practices which support and explain the operation and activities of the treasury management function.
 - Determination of Affordable Borrowing Limit under Section 3 of the Local Government Act 2003.
 - Prudential Indicators.
 - Treasury Management Strategy including Annual Investment Strategy.
- External Borrowing
 - New loans borrowed during the year: PWLB certificates / documentation in relation to market loans borrowed (including copy of agreements, schedule of commitments)
 - Loan maturities
 - Compliance with proper accounting practice, regulations and determinations for the amortisation of premiums and discounts arising on loans restructured during the year and previous years.
 - Analysis of loans outstanding at year end including maturity analysis
 - Analysis of borrowing between long- and short-term
 - Debt management and financing costs
 - calculation of (i) interest paid (ii) accrued interest interest paid
 - MRP calculation and analysis of movement in the CFR
 - Bank overdraft position.
 - Brokerage/commissions/transaction related costs

- Investments:
 - Investment transactions during the year including any transaction-related costs
 - Cash and bank balances at year end
 - Short-term investments at year end
 - Long-term investments at year end (including investments in associates and joint ventures) by asset type, including unrealised gains or losses at year end
 - Calculation of (i) interest received (ii) accrued interest
 - Actual interest received
 - External fund manager valuations including investment income schedule and movement in capital values, transaction confirmations received (if any)
 - Basis of valuation of investments
 - Evidence of existence and title to investments (e.g. Custodian's Reports
 - Schedule of any investments in companies together with their latest financial statements); statement of transactions between the company and the Council.
- Cash Flow:
 - Reconciliation of the movement in cash to the movement in net debt
 - Cash inflows and outflows (in respect of long-term financing)
 - Cash inflows and outflows (in respect of purchase/sale of long-term investments)
 - Net increase/decrease in (i) short-term loans (ii) short-term deposits (iii) other liquid resources

E. Internal Audit

- Internal Audit generally conducts an annual review of the treasury management function and probity testing, as one of the key control audits included in the Audit Plan. This may be reviewed less frequently if the level of assurance is "Substantial".
- The internal auditors will be given access to treasury management information/documentation as required by them.

F. Compliance with CIPFA Treasury Management and Prudential Codes

- Auditors may require evidence/demonstration of compliance with external and internal treasury management policies and strategy.
- Any serious breach of the TM Code's recommendations or Prudential Indicators should be brought to the attention of the external auditor.

TMP 8: Cash and cash flow management

Principle: Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1 [2] liquidity risk management, and for the purpose of identifying future borrowing needs (using a liability benchmark where appropriate). The present arrangements for preparing cash flow projections and their form are set out in the schedule below.

Schedules:

A. Arrangements for preparing /submitting cash flow statements

- The Case Services Officer (JP) prepares the monthly cash flow statement and the daily cash flow statement in liaison with the Finance Specialist. Information from both statements is then used to plan investments and borrowing. The forecasts should be maintained for a minimum of six months ahead.
- The Finance Specialist also prepares a long-term cash flow forecast covering the current financial year and the next two financial years.
- The cash flow forecasts and statements are held at operational level.
- The accuracy and effectiveness of the Council's cash flows are dependent on the accuracy of estimating expenditure, income and their corresponding time periods.

B. Content and frequency of cash flow projections

- The detailed annual cash flow model includes the following:
 - revenue income and expenditure based on the budget as updated for known material variances.
 - profiled capital income and expenditure as per the capital programme
 - profiled collection fund tax revenues and distribution schedules

C. Monitoring, frequency of cash flow updates

- The annual cash flow statement is updated monthly with the actual cash inflows and outflows after taking account of any revisions including those relating to grant income and capital expenditure and will be reconciled with:
 - net funding through Government Grants and business rates receipts and payments as notified;
 - rental income received from property portfolios;
 - income from loans supporting service outcomes;
 - precept payments;
 - actual salaries and other employee costs paid from account bank statements;
 - actual payments to Inland Revenue from general account bank statements;
 - actual council tax received
 - actual rent allowances paid
 - actual housing benefit payments and subsidy income;
 - actual capital programme expenditure and receipts.

D. Bank statements procedures

- The Council has access to view bank statements on its banking system as required. These are reconciled to the general ledger on a monthly basis.

E. Payment scheduling

- Major payments to creditors are pre-arranged and usually bypass the normal creditors payment processing, ie they are paid via the CHAPS system. Of the remaining creditors, statute requires that invoices are paid within 30 days of receipt. Current agreed practice is that invoices will be paid within 10 working days or in accordance with the creditor's supplier terms, this is in line with the prompt payment code we have signed up to.

F. Monitoring debtor and creditor levels

- Debtor levels are monitored by a monthly Sundry Debtors Monitoring Report to the service managers which includes an analysis of debt by age.

- The level of Creditor invoices being processed is monitored on a monthly basis by the responsible staff within the Case Services Team.

G. Banking of funds

- Instructions for the banking of income are set out in the Financial Regulations. Cash and cheques received are banked weekly.
- Staff are advised of the requirement to bank on a regular basis in order to comply with recommended best practice and also remain within the particular insurance limits for the Council's premises.

H. Listing of sources of information

- The treasury function receives cash flow information for the following:-
 - Government information eg NNDR/RSG/RSDG/NHB payments and dates
 - Information from other outside bodies eg Somerset County Council precepts and dates
 - Debtor payments
 - Creditor payments
 - Housing Benefit payments
 - Direct Debit payments
 - Monthly salaries & wages
 - Capital Programme

I. Practices concerning prepayments to obtain benefits

- Income received in advance from debtors is credited to their respective account. No interest or discount is given for early settlement.

TMP 9: Money Laundering

Background: The Proceeds of Crime Act (POCA) 2002 consolidated, updated and reformed criminal law in the UK in relation to money laundering. The principal offences relating to money laundering are:

- Concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- Being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention use or control of criminal property
- Acquiring, using or possessing criminal property.

Other offences include failure to disclose money laundering offences, tipping off a suspect either directly or indirectly, and doing something that might prejudice an investigation.

Organisations pursuing relevant businesses were required to appoint a nominated officer and implement internal reporting procedures; train relevant staff in the subject; establish internal procedures with respect to money laundering; obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken and report their suspicions.

In June 2017, the UK Government published the Money Laundering Regulations 2017, replacing previous regulations.

CIPFA believes that public sector organisations should “embrace the underlying principles behind the money laundering legislation and regulations and put in place anti money laundering policies, procedures and reporting arrangements appropriate and proportionate to their activities”.

Principle: The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff members involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule below.

Schedules:

A. Anti money laundering policy

- This Council's policy is to prevent, wherever possible, the organisation and its staff being exposed to money laundering, to identify the potential areas where it may occur and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.
- The Council has accepted responsibility to ensure that those of its staff who are most likely to be exposed to money laundering can make themselves fully aware of the law and, where necessary, are suitably trained.

B. Treasury documentation

- The Council will reflect the anti-laundering measures it has in place as part of its treasury documentation. Such measures include:
 - Awareness of what constitutes money laundering
 - The obligation to report knowledge of/having reasonable grounds to believe an offence might be committed
 - Maintaining up-to-date direct dealing and SSI mandates with counterparties

C. Nomination of Responsible Officer

- The Council has nominated the Section 151 Officer to be the Money Laundering Responsible Officer (MLRO) to whom any suspicions relating to transactions involving the Council will be communicated.
- The responsible officer will be conversant with the requirement for the Proceeds of Crime Act 2002 and will ensure relevant staff are appropriately trained and informed so they are alert for suspicious transactions.
- The responsible officer will make arrangements to receive and manage the concerns of staff about money laundering and their suspicion of it, to make internal enquiries and to make reports, where necessary, to National Criminal Intelligence Services (NCIS).

D. Procedures for establishing the Identity of Lenders and Borrowers

- In the course of its treasury activities, the Council will only borrow from permitted sources identified in TMP 4.
- The Council will not accept loans from individuals.
- In the course of its treasury activities, the Council will only invest with those counterparties which are on its approved lending list.
- The identity and authenticity of commercial institutions (banks, building societies and other financial institutions) authorised to carry out borrowing and lending activity in the UK will be checked via Bank of England/Prudential Regulation Authority's website.

- All receipts/disbursements of funds will be undertaken by CHAPS settlement.
- Direct Dealing mandates: The Council will provide (in the case of lending) / obtain (in the case of borrowing) and maintain on file dealing mandates with any new money market counterparty. The mandates should be on letter-headed paper, dated and signed.
- All banking transactions will only be undertaken by the staff authorised to operate the Council's banks accounts.
- When receiving request for change of payment details, due care will be exercised to ascertain the bona fide of the request and avoid potential fraud. Additional checks will be made through pre-existing contact details for the payee before altering payment details.

TMP 10: Training and qualifications

Principle: The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Lead Specialist – Finance will recommend and implement the necessary arrangements including the specification of the expertise, knowledge and skills required by each role or member of staff.

The responsible officer will ensure that Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements, including a knowledge and skills schedule, are detailed in the schedule to this document.

Schedule:

A. Qualifications/experience and training plan for treasury staff

- CCAB part or fully qualified
- Member of the Association of Accounting Technicians part or fully qualified
- Focussed training for new staff and including continuous professional development in Treasury Management

B. Details of approved training

The Council would expect its treasury staff and members to consider the following

- Training courses for Accounting, Auditing, Budgeting, Capital Finance & Borrowing, Financial Management run by CIPFA and other industry-wide bodies
- ~~Any courses/seminars~~ In-house training days or external training events provided by Treasury Management Consultants/Advisors or other independent bodies.
- Reading subject matter material from industry-wide bodies
- Attending seminars, conferences, online training (including webinars) offered by industry-wide bodies
- Training attended by those responsible for scrutiny of the treasury function

Records Monitoring and review of knowledge and skills of treasury staff and members

- Records of attendance at training events specified in approved training schedule
- Tailored learning plans prepared for treasury management officers
- The Council participates in the CIPFA/ACCA/CIMA Employer Accreditation Schemes for CPD purposes which is based on planning, recording and evaluating development. Employees are required to register with the scheme and declare participation in the CPD scheme annually.

TMP 11: Use of external service providers

Principle: The Council recognises that responsibility for the treasury management decisions remains with the organisation at all times. It recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the responsible officer, and details of the current arrangements are set out in the schedule below.

Schedule:

A. Banking services

- Service provided by: National Westminster Bank plc
- Contract commenced 1/10/14 and runs until 31/3/20, with a 2-year optional extension period from 01/04/20
- Payments due quarterly in arrears and monthly for the electronic banking service.
- Terms for early termination of the contract: The organisation may terminate the agreement at any time by 3 months' written notice to the Manager and the Manager may terminate the agreement on 3 months' written notice to the organisation.

B. Money-broking services

- Service Providers:-
 - Martin Brokers (UK) plc
 - Kings and Shaxson
 - Tradition UK

C. Cash/fund management services

- None

D. Consultants'/advisers' services

- Name of supplier of service – Arlingclose Ltd.
- Contract commenced 1 July 2019 and expires on 30 June 2022, with the option to extend for a further two years in accordance with the relevant terms of the agreement
- Payments due annually on 1 July
- Terms for early termination of the contract: The Council may terminate the agreement by giving three months' notice.

E. Bribery Act

- The Council is mindful of the requirements of the Bribery Act 2011 in its dealings with external providers.

TMP 12: Corporate governance

Principle: The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council **has adopted and has implemented the key principles of the TM code**. ~~applies the key recommendations of the Treasury Management Code of Practice.~~ This, together with the other arrangements detailed in the schedule below, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Schedule:

A. List of documents to be made available for public inspection.

- Annual Statement of Accounts
- Treasury Management Policy
- Capital Strategy
- Treasury Management Strategy
- Budget Reports
- Budget Monitoring Reports
- Annual and Mid-Year Treasury Report
- Council Committee Agendas and Minutes

B. Council's website

- Financial information is additionally available on the Council's website

C. Procedures for consultation with stakeholders

- Members and senior officers of the Council are consulted via reports to Senior Leadership Team, Leadership Meeting, District Executive and officer/member briefing sessions.

Investments that are not part of treasury management activity (IMP's)

The definition of treasury management included in the introduction includes all the investments of the Council. This may include investments that are outside the purposes of normal treasury management and that may be managed elsewhere in the organisation. Investments may be held for various purposes as detailed below.

Investments for treasury management purposes (or treasury management investments)

These are investments that arise from the Council's cash flows or treasury risk management activity and ultimately represent balances that need to be invested until the cash is required for use in the course of business.

- Treasury investments may include an allowance for a reasonable level of short term investments to provide access to liquidity.
- This may also include the investment of borrowing proceeds where it has been prudent for the Council to borrow in advance of the need for cash, e.g. in order to reduce financing and interest rate risks.
- Treasury investments may also arise from other treasury risk management activity that seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.
- Treasury management investments should always be on commercial terms and will rarely constitute capital expenditure for the Council.
- For those organisations with long-term surplus cash, this category may include long-term investments such as equities, bonds and property, whether accessed through a fund or directly, but unless there is a link to cash flow management or treasury risk management activity, it is likely that such investments would be for commercial purposes, i.e. primarily for financial return.

Investments for commercial purposes (or commercial investments)

These are taken or held primarily for financial return and are not linked to treasury management activity or directly part of delivering services.

- This includes non-financial assets such as commercial property, where they are held primarily for financial return.
- Investments of this type will usually constitute capital expenditure.
- 'Commercial' in this context refers to the purpose of the investment. Commercial investments are not taken to meet treasury management cash flow needs and do not result from treasury risk management activity to prudently manage the risks, costs or income from existing or forecast debt or treasury investments. They are additional investments voluntarily taken primarily to generate net financial return or profit.

The Council will not undertake any investments of this nature.

Investments for service purposes (or service investments)

These are taken or held primarily for the provision and for the purposes of delivering public services (including housing, regeneration and local infrastructure), or in support of joint working with others to deliver such services.

- Service investments may or may not involve commercial returns; however, obtaining those returns will not be the primary purpose of the investment.
- Service investments will normally constitute capital expenditure, and it may be appropriate to borrow to finance service investments.

TM Code requirements and Investment Management Practices (IMPs) for investments that are not part of treasury management activity

For the purposes of reporting under the TM Code, any investments that are not taken or held for treasury management purposes described above should be clearly identified and reported in appropriate categories reflecting their service or commercial purposes.

The Council must not borrow to invest for the primary purpose of financial return.

IMP1: Non-Treasury Management Investments

Principle: The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The Council will ensure that all of its investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

Schedule:

- A published schedule agreed by Council setting out the organisation's investment management practices for non-treasury investments will be complied with by all officers responsible for such investments.
- A schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure.
- CIPFA suggests that authorities should replicate TMP 1-12 under the TMP for non-treasury management investments, as far as this is relevant, practicable and applicable. It particularly listed TMPs 1, 2, 5, 6, and 10. Details of the relevant TMP's are below: -
 - Risk management (TMP1) including investment and risk management criteria for material non-treasury investment portfolios
 - Performance management (TMP2) including methodology and criteria for assessing the performance and success of non-treasury investments
 - Decision-making and analysis (TMP5) including a statement of the governance requirements for decision-making in relation to non-treasury investments, and arrangements to ensure that appropriate professional due diligence is carried out to support decision making
 - Reporting requirements and management information arrangements (TMP6) including where and how often monitoring reports are taken
 - Training and qualifications (TMP10) including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

Proposed Changes to Financial Procedure Rules for 2022/23

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
SLT Lead/Lead Officer: Karen Watling, Chief Finance Officer
Contact Details: Karen.Watling@southsomerset.gov.uk
07521 460 232

Purpose of the Report

1. This report sets out proposed changes to the Financial Procedure Rules for the rest of the financial year 2022/23.

Public Interest

2. To conduct its business efficiently a local authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of Financial Procedure Rules that set out the financial policies of the authority.
3. The Financial Procedure Rules provide clarity about the financial accountabilities of individuals: Elected Members; the District Executive; the Chief Executive; Directors; Section 151 Officer; the Monitoring Officer; other Managers and all other officers of the Council.

Recommendation

4. That Audit Committee recommends that Council approve the proposed changes to the Financial Procedure Rules for the rest of the financial year 2022/23.

Background to the proposals

5. The Financial Procedure Rules (FPRs) outline the financial policies of this authority and the individual financial accountabilities applying to both officers and members. The review of those rules is included within the remit of the Audit Committee under its terms of reference relating to reviewing governance, risk and control arrangements.
6. The S151 Officer is responsible for maintaining a continuous review of the FPRs and submitting any additions or changes necessary to the Audit Committee and then Full Council for approval. The FPRs were last updated in August 2020.
7. A full wholesale review and redrafting of the rules has not been undertaken given that 2022/23 is the last year of SSDC being a sovereign separate council. Some changes however are being proposed particularly in response to:
 - An internal audit report undertaken by SWAP (South West Audit Partnership)



recommending that virement rules are amended, as they are unclear and inconsistent as written in the current FPRs.

- Requirements under the Section 24 notice issued to all five councils within Somerset to govern expenditure and funding decisions from now to vesting day of the new Somerset Council.
- Updates arising from the investigation undertaken of a previously employed Director.
- General updates to reflect changes in names/nomenclature/responsibilities now used within SSDC.

Proposed changes

8. The attached document shows revisions to the current approved rules. Green highlights are changes proposed to the wording and/or content of the FPRs. Proposed deletions are crossed out and highlighted in grey.
9. One of the key changes relate to the budget virement rules. A SWAP internal audit report recommended that the rules required clarification. Their report suggested that it is not clear whether the S151 Officer approval is required for all virements or only those relating to the 'employee budget'. Additionally, the summary table shows the responsibilities and the finance approval levels; however, this does not align completely with the associated text, e.g., whilst the text suggests that the District Executive (DX) is responsible for all virements greater than £100,000, the table suggests that approval is provided by the S151 Officer with the DX being notified. These have now been addressed in the proposed text.
10. Other key proposed changes relate to Local Government Reorganisation. A new Somerset Unitary Council will come into existence on the 1 April 2023 and all of the financial resources and commitments from the predecessor Councils will transfer to the new Somerset Council at this date. It is important, therefore, that decisions and actions taken in the existing Councils are made against the background of avoiding adverse financial pressures for the new Council where possible.
11. On the 10 May 2022 the Secretary of State for the Department of Levelling Up, Housing and Communities gave a direction under Section 24 of the Local Government and Public Involvement in Health Act 2007 that the four District Councils in Somerset, including South Somerset District Council, are required to seek the consent of Somerset County Council before they:
 1. Dispose of any land if the consideration for the disposal **exceeds £100,000**.
 2. Enter into any capital contract under which the consideration payable by the relevant authority **exceeds £1,000,000**; or which includes a term allowing the consideration payable by the relevant authority to be varied.
 3. Enter into any non-capital contract under which the consideration payable by the relevant authority **exceeds £100,000**, where:



- a. the period of the contract extends beyond 1 April 2023; or
 - b. Under the terms of the contract, that period may be extended beyond that date.
13. The Section 24 Direction takes precedence over the Financial Procedure Rules, where applicable, from 16th June 2022 and for those instances where Somerset County Council's Executive did not approve prior general consents at their meeting on 15th June 2022.
14. The Section 151 Officer will provide advice on any proposal needing County Council Executive consent under the section 24 Direction.

Background Papers

"Review of Financial Procedure Rules", SSDC Council report, August 2020

"S24 report" Somerset County Council Executive, June 2022

Financial Procedure Rules

Introduction

- i. To conduct its business efficiently a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of Financial Procedure Rules that set out the financial policies of the authority. A modern council should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.
- ii. The Financial Procedure Rules provide clarity about the financial accountabilities of individuals: Elected Members; the District Executive; the Chief Executive; Directors; Section 151 Officer; the Monitoring Officer; Managers and all other officers of the Council. For the purposes of these Rules, “Manager” means Assistant Directors, Leadership Management Team, Lead Specialists, People Managers and any other budget holders.
- iii. The Council has established other internal regulatory documents as set out in Part 4 of the Council’s Constitution. The Constitution lays down the Council’s governance structure, which sets out how the Council operates, decision making processes, and the Council’s operating procedures.
- iv. It is not possible to draft procedure rules to cover every eventuality or circumstance. Consequently, the principles of sound financial management and proper exercise of responsibility and accountability, as set out in this document should be applied in all circumstances.
- v. The following general principles apply: -
 - there should be adequate and understood separation of duties so as to maintain adequate control over all financial transactions and operations;
 - there should be a clear hierarchy of control;
 - there should be adequate training and supervision of staff and there should be adequate management and audit trails;
 - there should be adequate management of risks and additional checks where there are high levels of risk;
 - operational financial procedures should be clearly documented, key risks identified, and such documents kept up to date and there should be adequate business continuity plans in place to maintain effective administration of the Council’s finances at all times.
- vi. Financial Procedure Rules apply to every Member and employee of the Council and anyone acting on its behalf.
- vii. Executive Members and Senior Leadership Team should, where decision-making is delegated to them, maintain a written record of all decisions. Where decisions are **formally** delegated to other responsible officers, references to the Senior Leadership Team in these rules should be read as referring to them.
- viii. All elected Members and employees have a general responsibility for taking reasonable action to provide for the security of assets, funds and resources under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- ix. The S151 Officer is individually responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the Audit Committee and then Full Council for approval. They are also individually responsible for reporting, where appropriate, breaches to the Council, to the District Executive, or the Audit Committee. Senior Leadership Team and their staff are responsible for promptly notifying the S151 Officer of any breaches of these Financial Procedure Rules.
- x. The Senior Leadership Team is responsible for ensuring that all Managers are aware of the existence and content of the Council’s Financial Procedure Rules and other internal regulatory documents, and that all employees comply with them. The Senior Leadership Team shall also ensure that there is an adequate level of understanding of these rules within their teams and that copies are available for reference within their service area or are accessible via other media.

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1 LOCAL GOVERNMENT REORGANISATION

1.1 Under the provisions of the Somerset (Structural Changes) Order 2022 (SCO) a new Somerset Unitary Council will come into existence on the 1 April 2023 and all of the financial resources and commitments of the predecessor Councils will transfer to the new Somerset Council at this date in accordance with the provisions of the SCO and other statutory instruments made under the Local Government and Public Involvement in Health Act 2007 in respect of local government reorganisations generally. In the transitional period to 1 April 2023 South Somerset District Council has a duty under the SCO to:

- (a) take such steps as may be necessary to prepare for the transfer of its functions, property, rights and liabilities to the new Somerset Council;
- (b) consult and co-operate with the other Somerset councils to secure the economic, effective, efficient and timely transfer of those functions, property, rights and liabilities; and
- (c) generally, exercise its functions to further the purposes of the SCO.

1.2 On 10 May 2022 the Secretary of State for the Department of Levelling Up, Housing and Communities issued a direction under section 24 of the Local Government and Public Involvement in Health Act 2007 that with effect from 16 June 2022 the four Somerset District Councils were required to obtain the consent of the Executive of Somerset County Council before:

- (a) Disposing of any land if the consideration for the disposal **exceeds £100,000**;
- (b) Entering into any capital contract under which the consideration payable **exceeds £1,000,000**; or which includes a term allowing the consideration payable to be varied;
- (c) Entering into any non-capital contract under which the consideration payable **exceeds £100,000**, if:
 - (i) the period of the contract extends beyond 1 April 2023; or
 - (ii) under the terms of the contract, its period may be extended beyond that date.

1.3 On 15 June 2022 the Executive of Somerset County Council issued the following General Consent to come into effect on 16 June 2022:

General Consent

General Consent is hereby granted to the District Councils to enter into new contracts (over £100k for revenue and over £1m for capital) and to dispose of land (over £100k) where the following criteria are met:

Entering into new contractual arrangements:

1. *Entering into new revenue funded contracts (over £100k excluding recoverable VAT) which can be funded from within the individual Council's 2022/23 approved revenue budget **and** where the contract does not enable extensions beyond vesting day. This could be a contract for goods or services.*
2. *Any contract required as an essential response to a civil emergency, for example response to flooding.*
3. *Entering into new staffing contracts which can be funded from within the 2022/23 approved revenue budget **and** which comply with the agreed LGR staffing protocol.*
4. **General Fund:** *Entering into new capital funded contracts (over £1m excluding recoverable VAT) for projects/programmes that are included in the 2022/23 approved capital budget **and***

can be funded from financing sources included within the budget reports and/or Treasury Management Strategies agreed by the Councils in February/March 2022. Such contracts can extend beyond vesting day if the individual project has an approved phased budget, and no revenue implications beyond 1st April 2023 e.g. a housing development scheme, decarbonisation programme, regeneration project.

5. **Housing Revenue Account:** Entering into new capital funded contracts (over £1m) for projects/programmes that are included in the 2022/23 approved capital budget/HRA Business Plan **and** can be funded from financing sources included within the budget reports and/or Treasury Management Strategies agreed by the councils in February 2022. Such contracts, e.g. social housing development scheme, housing stock decent homes works such as replacement windows, can extend beyond vesting day if within the approved budget for the contract and within HRA business plan value for money and affordability limits.
6. Points 1, 3, 4 and 5 above to include budgets previously approved before February 2022 that carry forward into the 2022/23 financial year (e.g. slippage of unspent but approved capital and revenue budget from 2021/22 into 2022/23).
7. Entering into a contract that relates to the operation of prudent treasury management and complies with the district councils' approved treasury management and investment strategies, prudential indicators, and treasury management practices, where any borrowing does not exceed £5m and 365 days. In the event of any long-term borrowing exceeding £5m and exceeding 365 days specific consent of the County Council S151 Officer is required.
8. Entering into a contract that is outside the existing approved budget but is fully funded by external grants / contributions, unless the grant conditions require match funding exceeding the S24 Threshold (not included in the agreed budget) and/or pose potential significant risks and significant obligations on the Unitary exceeding the S24 Threshold. Town Deals is an example of expenditure which would be included in the general consent as it is externally funded

Land disposals:

9. Disposals of council dwellings or grant or renewal of leases (over £100k) under the Right to Buy legislation and disposal of other housing revenue account assets in line with approved budgets, financial strategies and business plans.
10. All lease rental agreements for investment properties (over £100k and continuing past vesting day) at market value.
11. All lease rental agreements for non-investment properties (over £100k and continuing past vesting day) where the rental value secured is at least that contained within the approved rental income budget or within the Business Case previously agreed by the Council prior to issue of the S24 Effective Date. .
12. Completion of land and property disposals (over £100k) that are already approved through the District Council's governance arrangements prior to S24 Effective Date and in line with the 2022/23 approved budget and capital strategy. All capital disposal or land sales outside of those identified will need specific consent.

To aid interpretation the following are examples of financial activities **that can be carried out** by the District Councils without needing the consent of the County Council

- New use of earmarked reserves and reserves not included in the agreed budget (unless they are to fund new contracts above the S24 financial limits **and** which are outside of the general consent criteria).
- Raising new **and/or** changing 2022/23 fees & charges tariffs.
- Meeting staffing needs (new contracts) that have funding available within the agreed budget and follow the LGR recruitment protocol.
- Debt write-offs of any value in line with the existing Councils' approved constitutions, financial procedures and accounting policies.

1.4 Where a proposed activity is covered by the General Consent set out in rule 1.3, before taking any action under the General Consent officers must check that it has not been amended by the Executive of Somerset County Council. If the General Consent has not been amended or, if amended, continues to cover the proposed activity, no additional steps are required under these Rules. Note: that a small number of projects are not covered by the General Consent and these are listed in the Schedules to the General Consent which can be found at [hyperlink](#)

1.5 If a proposed activity is not covered by the General Consent set out in rule 1.3, then in addition to the requirements set out in these Rules and the South Somerset District Council Constitution, consent must be obtained from the Executive of Somerset County Council (in accordance with their published Specific Consent Procedure applicable at the time) before the proposed activity commences.

1.6 The Section 151 Officer will provide advice on any proposal needing County Council Executive consent under the section 24 Direction.

2 FINANCIAL GOVERNANCE

2.1 Full Council

- a) The Full Council is responsible for approving the policy framework and, through a named vote, the annual revenue and capital budgets within which the Executive operates. This encompasses any medium and longer-term plans for both revenue and capital resources. The policy framework shall also include approval and setting the Council Tax rate.
- b) The Full Council may delegate to a Sub Committee or the Leader the approval of the Full Council Tax Determination that sets out the detailed council tax charges by town/parish and council tax band for each preceptor.
- c) ~~It is also responsible for monitoring the budget including compliance with the Authority's overall framework of accountability and control. If revenue reserves fall below the risk assessed minimum requirement then only Full Council can authorise any further use of those reserves, taking due account of advice from the Council's S151 Officer. Full Council is responsible for approving the use of capital reserves, additional to those agreed annually in February as part of the overall budget, that are greater than 5% of the usable reserves balance in any one year-~~

2.2 District Executive

- a) The District Executive is responsible for proposing the policy framework and detailed budget to the Full Council and for discharging executive functions in accordance with the policy framework and budget agreed by Full Council **and for in year monitoring of the budget**. The detailed budget should include the allocations to the various services and projects, proposed funding including taxation levels, and minimum required levels of general reserves.
- b) District Executive can approve the use of general reserves to fund Supplementary Budget allocations within the financial year ~~subject to balances remaining at the risk assessed minimum requirements. District Executive can approve the use of usable capital receipts up to a maximum of 5% of unallocated receipts~~ **reserves** to fund Supplementary Budget allocations in any one year.
- c) Where the District Executive delegates executive decisions to a committee, or an individual Executive Member (Portfolio Holder), or a Member of staff, that delegation will include the financial accountabilities relating to the administration of the budget and spending decisions.
- d) The relevant budget holder will be the employee with responsibility for the relevant service, policy, or project, unless the Executive specifically identifies to whom budget responsibility is delegated e.g. to an Executive Member.
- e) Senior Leadership Team or District Executive Members who have responsibility for budgets delegated to them will be accountable to the District Executive or Full Council, as appropriate, for the use of

delegated budgets and should report at least quarterly to their accountable body for the use of those budgets and on the latest budget position.

- f) The District Executive is responsible for ensuring individual Executive Members with delegated powers consult with all relevant staff before taking decisions within their delegated authority, so that all implications, including financial implications, are taken into account.
- g) The District Executive will follow general good practice and comply with sound principles of accountability and effective management by delegating management and operational control normally to the Senior Leadership Team / Managers and other suitable officers wherever feasible and practical.
- h) It is the responsibility of the Executive or Executive Member with delegated budget responsibility to consult with the S151 Officer over the availability of funds before committing the authority to expenditure.

2.3 The Chief Executive

- a) The Chief Executive is the Council's Head of Paid Service, and is responsible for the corporate and overall strategic management of the authority as a whole. This includes responsibility for establishing a framework for management direction, style, and standards and for monitoring the performance of the authority. The functions of the Chief Executive are set out in Article 12 of the Council's Constitution.

2.4 Monitoring Officer

- a) The functions of the Council's Monitoring Officer are set out in Article 12.03 of the Council's Constitution.

- b) In particular the Monitoring Officer, in consultation with the Chief Executive and the S151 Officer is responsible for advising the Executive, Full Council, Audit Committee and Scrutiny Committee if any proposal, decision or omission would give rise to unlawfulness or has given rise to maladministration, which would include:

- initiating a new policy with additional unfunded budgetary implications
- committing expenditure in future years above the current year budget level or medium term financial plan
- incurring virement without approval or outside any limits set by Council
- causing total expenditure to increase above the approved budget

2.5 Section 151 Officer

- a) The functions of the Council's section 151 Officer are set out in Article 12.04 of the Council's Constitution.

- b) In particular, the S151 Officer, is responsible, in consultation with the Chief Executive and Monitoring Officer, for advising the Executive, Full Council, Audit Committee and Scrutiny Committee if any proposal, decision or course of action will involve incurring unlawful expenditure, or be unlawful and likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully, which would include:

- initiating a new policy with additional unfunded budgetary implications
- committing expenditure in future years above the current year budget level or medium term financial plan
- incurring virement without approval or outside any limits set by Council
- causing total expenditure to increase above the approved budget

- c) The S151 Officer is responsible for the proper administration of the Council's financial affairs and shall:
 - i. Advise the Council on insurance and financial risk;
 - ii. Advise the Council on effective systems of internal control;
 - iii. Ensure that there is an effective system of internal financial control;
 - iv. Advise the Council on anti-fraud and anti-corruption strategies and measures;
 - v. Present the annual Statement of Accounts to the Audit Committee ~~subsequent to external audit~~ and submit to the appropriate departments of central government any associated grant claims.

- vi. Select and consistently apply accounting policies, determine accounting procedures and records, and ensure compliance with relevant Accounting Codes of Practice;
- vii. Ensure **with Senior Leadership Team** that there is an effective internal audit function and assist managers to provide effective arrangements for financial scrutiny;
- viii. Secure effective systems of financial administration and provide appropriate financial information to enable budgets to be monitored;
- ix. Manage the cash and investments of the Council in accordance with the relevant CIPFA Codes of Practice and the Council's Treasury Management Strategy Statement, and determine effective and compliant Treasury Management Practices;
- x. Ensure that financial management arrangements are in line with the Council's policy objectives, the Council's overall governance arrangements and comply with any internally or externally set financial management standards;
- xi. Advise the Council on the setting of its revenue and capital budgets and the adequacy of its reserves to meet possible future commitments and contingencies. It is the responsibility of the S151 Officer to advise the District Executive on the setting of budget guidelines, to ensure budget estimates reflect agreed service levels and any guidelines set by the District Executive, and to liaise with budget holders throughout the budget preparation process;
- xii. Discharge statutory duties under Section 151 of the Local Government Act 1972, Section 114 of the Local Government Finance Act 1988, the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, the Accounts and Audit Regulations 2015, and the Local Government Act 2003;
- xiii. Advise the District Executive and Full Council on prudent levels of reserves for the Council and on the robustness of the Revenue and Capital Budgets;
- xiv. Advise the District Executive, Senior Leadership Team / Managers on all taxation issues that affect the Council;
- xv. Ensure the effective billing, collection and recovery of all sums due to the Council, in accordance with the Debt Recovery Policy.

2.6 Senior Leadership Team and Budget Holders

- a) The Council delegates all approved budgets for management purposes to a named post of the Council. Each named employee shall:
 - i. Ensure that the financial content of all reports, forms and procedures is approved by the S151 Officer (or a named Finance representative);
 - ii. Report any irregularities concerning the Council's financial affairs to the S151 Officer or Assistant Director (SWAP Internal Audit Services) at the earliest possible opportunity. The provisions of the Council's Whistleblowing Policy shall also be followed where relevant;
 - iii. Ensure that there are sufficient funds available in their ~~cash limited~~ **approved** budget before commitments are entered into;
 - iv. Consult with the S151 Officer prior to submitting to the Senior Leadership Team, District Executive or any Committee any report that may have financial implications;
 - v. Ensure that the Council's **Constitution, Standing Orders, Procurement Rules, and Human Resources Rules** and **other procedural requirements** ~~notes~~ are complied with together with all applicable statutes, regulations, and best practice;
 - vi. Monitor and control expenditure against approved budget allocations and report to the District Executive quarterly in conjunction with the S151 Officer on variances and the action being taken to address them;
 - vii. Maintain systems of control that facilitate the achievement of the Council's objectives by using resources economically, efficiently, and effectively and by safeguarding the authority's assets and interests;
 - viii. Review and appraise their operations so as to achieve continuous improvement;
 - ix. Liaise with the Council's external auditor and any other inspectorate with statutory rights of access.
 - x. Ensure any compensation payments are authorised in accordance with the limits set in the Constitution (see Scheme of Delegation). The relevant Director will report to the SLT ~~annually~~ on the number and value of payments made.
 - xi. Maintain systems, procedures and sufficient resources to ensure that collection and recovery of all sums due to the Council follow the Income Management Policy.

2.7 Executive Members Exercising Budget Responsibility

- a) Where an Executive Member exercises budget responsibility they shall comply with the provisions of section 2.6 above and all related Financial Procedure Rules.

2.8 All Employees

- a) All employees of the Council have a responsibility to:
 - i. Report any irregularities concerning the Council's financial affairs to the S151 Officer or the Internal Auditor (Assistant Director – SWAP) at the earliest possible opportunity. The provisions of the Council's Whistleblowing Policy and the Anti Money Laundering Policy shall also be followed where relevant;
 - ii. Ensure that the Council's ~~Constitution, Standing Orders, Procurement Rules, and Human Resources Rules~~ and ~~other procedural requirements~~ notes are complied with together with all applicable statutes, regulations, and best practice;

3 ~~MANAGING RESOURCES~~ REVENUE AND CAPITAL BUDGETS

3.1 General Budget Monitoring

- a) Delegation of ~~cash limits~~ budgets shall be in accordance with the Scheme of Delegation.
- b) Delegation of ~~cash limits~~ budgets is to the Senior Leadership Team. They must maintain a full list of delegations to officers within their functional areas.
- c) Accountability for appropriate budgets shall be held at Senior Leadership Team level.
- d) Budget holders can only vary ~~cash limited~~ budgets in accordance with these Financial Procedure Rules. Accounting recharges (such as Support Services and depreciation) ~~will not be included in cash limits~~ can only be varied by the S151 Officer.
- e) Budget monitoring is the responsibility of each Senior Leadership Team member. Where there is likely to be a significant variation between the budget and actual expenditure they must notify the S151 Officer as soon as possible including an action plan to rectify the situation where appropriate.
- f) Budgets must be managed and monitored at nominal code level. The nominal code describes the type of spending and income e.g. salaries, electricity, grants, fees and charges. Virements must be requested where insufficient funds are available at nominal level. Virements are required where the variance is greater than £1,000.
- g) The S151 Officer is responsible for setting a timetable and reporting the Council's financial performance and financial position to the Senior Leadership Team and the District Executive.
- h) The Council has a statutory responsibility to produce a Statement of Accounts and all budget holders must comply with the accounts closedown timetable set by the S151 Officer.

3.2 Variations to Structures and Staffing Levels

- a) Within the total ~~cash limit~~ budget approved by the Council each year, Senior Leadership Team shall be entitled to vary the numbers and composition of their workforce in order to meet service requirements, provided such variations do not commit the Council to increased expenditure in future years, receive SLT approval and follow the applicable LGR staffing protocol.
- b) Members of Senior Leadership Team proposing restructures shall liaise with both Finance Specialists and People Specialists to agree overall cost implications and HR process and procedure. SLT members shall ensure they have included the cost implications of the Council's severance scheme, and that the S151 Officer verifies these costs. Salaried posts will be costed at the top of the grade in any workforce design, include all potential redundancies and/or early retirements and salary protections, and then be compared to the previous structure. Where there are any actual or potential additional costs associated with restructuring proposals that may commit the Council to increased expenditure in future years, overall agreement must be obtained from the SLT and District Executive including the method of financing and a ~~section 24 consent must be in place~~.
- c) Senior Leadership Team shall not enter into or change a contract of employment, including the grading of a post without prior consultation with the Lead Specialist - People.

- d) Senior Leadership Team shall adhere to the Council's staffing policies and staffing delegations, including the proper use of appointment procedures, **the applicable LGR Staffing Protocol**, systems for determining remuneration and the method used to make payments to employees. Senior Leadership Team may choose to delegate these functions.

3.3 Increases to the approved Revenue Budget

- a) Full Council is to approve the ~~Detailed Budget Analysis~~ including income and expenditure totals for each activity as part of the Annual Budget Report.
- b) Senior Leadership Team can increase their expenditure by up to £20,000 in one financial year for goods purchased for resale with a matching increase in income budgets, in consultation with a Finance Specialist.
- c) Senior Leadership Team can increase their cost centre income budget on services by up to a maximum of £20,000 in one financial year, with supporting evidence, and in consultation with a Finance Specialist.
- ~~d) Senior Leadership Team can increase their budgets in respect of 100% externally funded staff provided the Lead Specialist – People has agreed the contract terms and that the Lead Specialist – Finance has been notified in advance. SLT must ensure any additional costs associated with that Member of staff is fully funded at the outset including any provision for possible redundancy costs.~~
- e) **Senior Leadership Team can increase their revenue expenditure budgets by up to £100,000 if such expenditure is fully grant funded or can be financed by an earmarked reserve (set up for the purpose of funding such expenditure) provided that approval is gained from the overall Senior Leadership Team. Any such increases will be reported to District Executive in the quarterly corporate budget monitoring report and the gross expenditure (and its financing) added to the approved budget totals.**
- f) **Senior Leadership Team must receive advice from the Lead Specialist – People, on the contract terms, and from the Lead Specialist – Finance, on the budget and financing arrangements, before agreeing any proposal to increase the staffing budget. SLT must ensure any additional costs associated with that Member of staff is fully funded at the outset including any provision for possible redundancy costs.**
- g) **Any increase needed to the revenue budget over £100,000 will require consent under the section 24 Direction.**

3.4 Revenue **and Capital Budget Virement Rules**

- a) District Executive has delegated authority to approve virements between activities/services/**projects** within the overall **approved** ~~net~~ budget total and have further delegated this authority as set out **in the table below**:
- ~~b) Senior Leadership Team can authorise any non-staffing budget virement within each individual cost centre / activity / service of their responsibility, using the limits and approvals shown in the table below, provided that the S151 Officer is notified in advance.~~
- ~~c) Senior Leadership Team can authorise any budget virement to or from the 'employees' budget provided that the Lead Specialist – Finance approval is obtained in advance.~~
- ~~d) Subject to the above specific virement responsibilities, the following table summarises virement approval limits. Where virements are between different areas of responsibility the approval of all relevant officers and portfolio holders is required. The Lead Specialist – Finance shall ensure all virements above £50,000 are reported to District Executive for information and transparency.~~

Responsible Authoriser	Limit	Finance approval advice required from
Budget Holder	£25,000	Specialist – Finance
SLT member	£50,000	Lead Specialist – Finance
Portfolio Holder	£100,000	S151 Officer
District Executive	Greater than £100,000	S151 Officer

- e) ~~Movements to and from earmarked capital and revenue reserves can be actioned by the relevant Director (or delegated budget holder where appropriate) provided that the use is for the approved purpose.~~
- f) Any virement involving the staffing budget needs, in addition, advice from the Lead Specialist Finance and Lead Specialist People and, if that advice is not followed, written reasons must be sent to the s151 Officer before the virement is made.
- g) Where virements are between different areas of responsibility the approval of all relevant officers and portfolio holders is required.
- h) All budget virements above £50,000 will be reported to District Executive in the quarterly corporate budget monitoring reports for information and transparency.
- i) All budget virements properly approved shall be actioned in the Council's main finance system by Finance Officers.
- j) Area Committees can approve budget allocations (virements) from total budgets and ring-fenced reserves delegated to each Committee by District Executive and Full Council. Area Budget information will be reported to the District Executive for information via the quarterly corporate budget monitoring reports.
- k) District Executive has delegated authority to vire amounts from the Corporate Capital Contingency Budget into the schemes previously approved by Full Council in the capital programme.
- l) In urgent cases, the Chief Executive Officer has delegated authority, in consultation with the s151 Officer, to vire amounts from the Corporate Capital Contingency Budget into the schemes previously approved by Full Council in the capital programme.

3.5 Revenue Underspends and Budget Carry Forwards

- a) Senior Leadership Team members are responsible for ensuring budgetary control is maintained at all times, and shall take all reasonable action to contain spending and meet income targets within approved targets. All forecast and actual variations to approved budgets by activity/service greater than £50,000 must be reported and fully explained to the District Executive through the quarterly corporate budget monitoring reports.
- b) The S151 Officer is responsible for approving all budget carry forwards due to timing differences between financial years in meeting agreed commitments. District Executive approval is needed to carry forward unspent and uncommitted revenue budget.
- c) The S151 Officer shall transfer Revenue Budget Net Underspend or Overspend, after approved carry forwards and agreed allocations to/from earmarked reserves, to General Reserves at the end of the financial year. ~~District Executive can approve a net overspend of a maximum of £50,000 to be carried forward to the following financial year to be met from that year's approved budget.~~

3.6 Capital Budget

- a) A rolling five-year Capital Programme is to be prepared and reviewed annually to confirm the Capital Budget and Financing requirement within each financial year.
- b) The S151 Officer is responsible for compiling the Capital Budget and the 5-year Programme including the associated capital financing, in consultation with Senior Leadership Team, for consideration by the District Executive prior to submission to Full Council for approval. The programme will include:
- committed schemes that are in the process of completion
 - schemes for replacement/maintenance of existing assets
 - new starts for the following years
 - receipts from expected sales of assets and
 - external contributions expected

- c) ~~The Chief Executive or Directors may approve Supplementary Capital Budgets of up to £50,000, and District Executive may approve Supplementary Capital Budgets of up to £150,000 during the year, within the resourcing limit delegated by Full Council. Full Council is responsible for approving all other supplementary capital budgets unless specific delegations exist e.g. for investment property acquisitions/disposals under the Council's approved Commercial Strategy. In all Supplementary Budget decisions, the decision-maker must consider affordability of both capital and revenue implications of recommended projects, in consultation with the S151 Officer or Lead Specialist – Finance.~~

d) Any increase needed to the capital budget over £1,000,000 will require consent under the section 24 Direction.

- e) The S151 Officer is responsible for setting the reporting timetable in consultation with the Portfolio Holder responsible for Finance. The Capital Programme will be monitored by District Executive or, where monitoring has been delegated, by the appropriate Area Committee or Regeneration Board.

- f) The S151 Officer in consultation with Responsible Officers (see 3.7(f) below) and the SLT will prepare the corporate monitoring reports to the District Executive.

3.7 Bidding for Urgent Capital Resources

- a) Schemes where appropriate shall have completed a feasibility study before submission to Area Committees or District Executive. All schemes requiring Feasibility Funds require approval by SLT and then District Executive.
- b) There is a de-minimis value of £10,000 for each Capital Scheme, £250 for Capital Grants, and £10,000 for capital receipts.
- c) During the annual budget setting process, decisions will be made on which new schemes are to be included in the following year's Capital Budget and 5 year Programme. Capital Investment Appraisal shall be completed in line with Guidance provided by Finance and can be submitted to the S151 Officer at any time during the year but will be considered by SLT for onward approval by District Executive and Full Council in line with the agreed timetable.
- d) Proposals shall be clearly linked to the Council Plan and any relevant Service Plans.
- e) The capital investment appraisal form shall disclose any revenue consequences. If these cannot be absorbed by the service a request shall be made to District Executive for additional resources as part of the Revenue Budget setting process.
- f) Each approved scheme will be the responsibility of a named Responsible Officer, who shall monitor the scheme's progress and report accordingly.
- g) ~~Allocations to services from the Internal Capital Loans Fund is delegated to the S151 Officer for assets purchased by the authority and recharged to services within the approved budget.~~

3.8 Urgent Purchase and Disposal of Plant and Vehicles over £10,000

- a) Managers/Lead Specialists are responsible for assessing the need for acquiring, replacing or disposing of plant or vehicles and completing a business case that includes describing the business need and benefit, the costs and funding proposals. This includes regular (at least 6-monthly) reviews of leases.
- b) Managers/Lead Specialists shall liaise with a Finance Specialist to determine the most economical approach to financing and confirm sufficient budget is in place.
- c) ~~The Finance Lead Specialist has authority to approve advances from the Internal Loans Fund Reserve to finance vehicles and plant within the overall Fund total approved by Council. Alternatively, freehold or leasehold purchases may be approved by the Finance Lead Specialist if capital costs are affordable within approved capital budget totals and any revenue implications are affordable within approved revenue budgets.~~
- d) Managers/Lead Specialists shall maintain a maintenance and replacement plan for vehicles and plant, and submit future budget requirements in line with the annual Budget Timetable set by the S151 Officer.

3.9 Capital Receipts

- a) Senior Leadership Team shall inform the relevant Finance Specialist of all expected capital receipts as soon as they are identified. ~~Where a land and property asset is identified as available for sale this is to be considered in line with FPR 13.2. Disposal of other assets shall be approved by the relevant Director/Manager, and notified to Lead Specialist – Finance.~~ Best value needs to be obtained when disposing of assets. Proceeds from sale of assets valued at £10,000 or above shall be credited to the Capital Receipts Reserve and allocated in accordance with the approved Capital Programme.

b) Any disposal where the value exceeds £100,000 will require consent under the section 24 Direction.

3.10 Virement Rules – Capital

- a) ~~Approved budget allocations may be transferred between schemes subject the following authorisation responsibilities and limits.~~

Responsible	Limit	Finance approval required
Manager	£25,000	Specialist – Finance
Director	£50,000	Lead Specialist – Finance
Portfolio Holder	£100,000	S151 Officer
District Executive	Greater than £100,000 (previously £10K)	S151 Officer

- b) ~~All contributions made from revenue budgets to capital budgets (other than those purely made for accounting adjustments such as accounting for leases) shall be approved by the relevant Committee and authorised by the S151 Officer (or nominated representative).~~

- e) ~~If, during the progress of approved schemes, significant budget variations are projected then virement can be made from another scheme within the Corporate or Area totals. All such proposed virements shall be reported to the District Executive for approval.~~

3.11 Monitoring the Capital Programme and Capital Projects

- a) Where Responsible Officers require schemes to be re-phased between years they shall notify the S151 Officer at least quarterly so that the overall financing of the Capital Programme can be maintained and investment income maximised.
- b) Financial progress on each project and funding projections must be submitted to District Executive quarterly by the S151 Officer. This must include any slippage in the project timetable and spend with the actions being taken if necessary to bring the project back in line.
- c) Projects should be managed and monitored using the Council's Project Management Methodology and regular reports made to each Project Sponsor/Project Board for monitoring purposes.
- d) Any projects amended, other than for minor changes **that exceed the agreed tolerances** between approval and implementation must be resubmitted to the District Executive for approval. This includes projects that have received further external financing to meet additional costs over £50,000.
- e) **All capital projects over a value of £1,000,000 and capital projects over £250,000 that also have a risk impact score of moderate or above, must undertake End of Stage Assessments and if the assessment identifies any change to the original business case for the project, authorisation to move to the next stage will require District Executive approval.**

3.12 Capital Underspends

- a) The S151 Officer can approve the carry forward of underspends against budgets to the following year if the project has commenced before the year-end and has not been completed. District Executive or the appropriate Committee will decide at the year-end whether projects that have a delayed start date of more than one year can continue.

3.13 Post Completion Appraisals

- a) On completion of any project **over £1,000,000** the Responsible Officer will prepare a report in consultation with the S151 Officer (or nominated representative) **and SLT lead** stating how the project has performed against its set objectives. This will be reported as part of the outturn report **or quarterly capital budget monitoring report** to District Executive each year.

3.14 S106 & Community Infrastructure Levy (CIL) Funds

- a) All S106 funds over £10,000 will be included if appropriate in the capital programme once received and included within a quarterly monitoring statement for reporting to District Executive.
- b) **The Strategic Development Board (SDB) has delegated authority to determine the criteria for awarding and the subsequent allocation of CIL monies received.**

3.15 Regeneration Programme Boards

- a) Governance and delegated authority for implementing the Regeneration Programme shall be approved by Full Council.
- b) Full Council shall approve the total budget **limits and its funding** for each Regeneration Programme.
- c) **The S151 Officer shall approve individual scheme Gross Budget, Net Budget and any funding arrangements, within the overall Programme limits set by Full Council. Full Council shall approve the original Business Case for the investment and any subsequent proposed changes that would have a significant impact on the agreed Business Case. The individual Project Boards act within the agreed budget and scope approved by Full Council.**
- d) Individual schemes within approved Programme limits shall be approved by the Director of Place and Recovery in consultation with the Programme Board Chair and the S151 Officer.

4 FINANCIAL CONTROL

4.1 General

- a) All accounting systems, procedures and records shall be subject to the approval of the S151 Officer. Changes to or discontinuation of existing **financial** systems/procedures and the introduction of new **financial** systems shall also be approved by the S151 Officer.
- b) All accounts and reports shall be prepared in accordance with these Financial Procedure Rules and in conformity with any Government Regulations and CIPFA Codes of Practice and any other professional guidance held to represent best practice.
- c) Senior Leadership Team is responsible for specifying the budget requirements for their cost centres **in accordance with the cash limit rules and the timetables established by the S151 Officer. Directors and Managers** and should seek the advice of the S151 Officer, or nominated representative, to ensure that budgets are compiled in accordance with the financial policies agreed by the Council.
- d) Senior Leadership Team is responsible for the proper operation of financial processes within their functional areas.

4.2 Local Code of Governance

- a) The Senior Leadership Team is responsible for preparing a Local Code of Corporate Governance which is to be reviewed on a regular basis and at least every three years. The Audit Committee is responsible for approving the Local Code of Corporate Governance.

4.3 Annual Governance Statement

- a) The Council is required to publish an Annual Governance Statement at the end of each financial year, which is to be approved by the Audit Committee and signed by the Chief Executive and Leader. Senior

Leadership Team shall annually declare and evidence that the internal controls within their functional area are regularly monitored and reviewed.

4.4 Internal Audit – South West Audit Partnership Ltd (SWAP)

- a) The general standards for Internal Audit shall be those of the Institute of Internal Auditors (IIA) in conjunction with Public Sector Internal Audit Standards (PSIAS).
- b) The South West Audit Partnership Ltd (SWAP) Chief Executive, or nominated Senior Officer Representative, will be the responsible Chief Internal Auditor (CIA) as agreed with the S151 Officer. The CIA shall compile an Annual Audit Plan in consultation with the S151 Officer & Senior Leadership Team, to be approved by the Audit Committee.
- c) The Chief Internal Auditor shall report audit findings and significant control risks, performance in delivering the Audit Plan, and an annual Audit Opinion to the S151 Officer, Senior Leadership Team, and the Audit Committee.
- d) To assist in the objectivity and independence of the South West Audit Partnership Ltd, all audit employees have:
 - authority to enter any Council premises or land
 - authority to access all Council records, documents and correspondence
 - receive explanations from employees and Members on any matter that they are reviewing or investigating
- e) Such authority will not be used unreasonably.
- f) All thefts and break-ins to Council property shall be reported to the South West Audit Partnership Ltd at the earliest possible opportunity.
- g) Where the Council enters into agreements with partners that involve financial grants or contributions from the Council, those agreements shall give the South West Audit Partnership Ltd authority to examine the financial accounts of the partner.

4.5 Operational Leases

- ~~a) Directors/Managers may enter into an operational lease for equipment provided that the S151 Officer has confirmed in writing that the method of finance is appropriate for the asset concerned. Procedure 2.7 Purchase and Disposal of Plant and Vehicles over £10,000 shall be followed where appropriate. Directors/Managers may not enter into a lease without first taking advice from the Procurement Specialist. Directors/Managers shall ensure that charges arising from such arrangements can be met within approved budget for the current and future years.~~
- ~~b) Directors/Managers must liaise with the Lead Finance Specialist or Finance Specialist to determine whether a lease shall be accounted for as capital or revenue expenditure.~~

4.6 Treasury Management

- a) The S151 Officer is responsible for preparing annually a Treasury Management Strategy Statement (TMSS) setting out the main principles of treasury management to be followed, including Prudential Indicators and other relevant performance measures. Audit Committee is responsible for reviewing the TMSS before Full Council approves it. Revisions to the TMSS or Prudential Indicators require Full Council approval.
- b) All Executive decisions on borrowing, investment or financing shall be delegated to the S151 Officer, who may delegate to appropriately trained Finance Officers in accordance with Treasury Management Practices. All employees are required to act in accordance with the CIPFA Code of Practice for Treasury Management in Local Authorities and the Council's Treasury Management Strategy Statement, and comply with the Treasury Management Practices.
- c) The S151 Officer shall review the TMSS mid-year and recommend any changes to Full Council. The S151 Officer shall also provide a Treasury Management activity monitoring report mid-year, and an

annual report by no later than 30th June to the Audit Committee and by the 30th September to Full Council.

- d) All investments and borrowing shall be made in the name of the Council or its approved nominees.
- e) All financial balances in the possession of the Council shall be managed by the S151 Officer.

5 CONTRACT PROCEDURE RULES

5.1 General

- a) All employees shall comply with the ~~Procurement~~ **Contract** Procedure Rules (**Contract Standing Orders**). ~~Procurement rules. These refer~~ relates to the appropriate arrangements for purchasing works, goods and services, and include authority to approve/sign/~~amend~~ contracts which commit the Council to expenditure and potentially related obligations. ~~These also refer to payment made in advance of receipt of goods/services.~~ Authorisation of individual invoice payment transactions – which certifies that invoices are correct and valid for payment – are covered under purchasing below.
- b) All employees when complying with the Contract Procedure Rules must also comply with these Financial Procedure Rules, for example, in respect of budget availability and authorisation, budget virements, and any SCO or transitional requirements.

6 PURCHASING -

6.1 Payment of Invoices

- a) The S151 Officer shall make arrangements for the payments of all monies due from the Council, which shall comply with statutory provisions in force.
- b) Invoices to be paid shall not be made out to employees of the Council, except in any case or category of case agreed by the S151 Officer in advance. Employees shall not amend any invoices received but instead return to the supplier to provide an amended invoice if necessary. Copy invoices shall be clearly marked as such, and appropriate checks undertaken to confirm an original invoice has not been received or paid.
- c) Where an order has been raised for goods and services (see ~~Procurement~~ **Contract** Procedure Rules) the invoice must be matched with the order. In most circumstances, it is appropriate for an official order to be raised.
- d) All suppliers shall be asked to quote on all invoices the name of the group and section, the order number and the place where the work was done or goods delivered.
- e) No payment is to be made on the basis of a supplier's statement of account.
- f) Senior Leadership Team (or other delegated employees) shall be responsible for the verification and certification of all payments from their own budgets only. Certification means a manual signature or a computerised authorisation as required by the Council's E5 Financial Management System. The certification by, or on behalf of the Senior Leadership Team shall be regarded as an assurance that:
 - value has been received and accounted for in the opinion of the Senior Leadership Team
 - expenditure complies with the ~~Procurement~~ **Contract** Procedure Rules and Financial Procedure Rules in force at the time
 - the document presented to support the payment is correctly priced and the invoice has not been previously passed for payment
 - all trade and prompt payment discounts have been deducted (where appropriate)
 - VAT has been properly accounted for in accordance with the HM Revenues and Customs regulations applicable at the time
 - expenditure and income is posted to the appropriate nominal codes on Cedar to ensure that the financial system reflects the correct nature of the expenditure/income incurred

- g) Where the same person raises the order and authorises the payment, a second person shall input details of the transaction into the Council's E5 Financial System.
- h) Senior Leadership Team can authorise any payments within their area of responsibility, and are allowed to delegate payments of up to £100,000 to their supporting officers. **Delegations above this amount require the written approval of the S151 Officer.**
- i) A list of those employees authorised to certify all types of expenditure (including those authorisers via the Council's E5 Financial System) shall be prepared and signed by the relevant Senior Leadership Team member / Manager and copies forwarded to the S151 Officer. The database of authorised employees shall be kept fully up to date and all changes notified as soon as possible.
- j) Where invoices are authorised on line via the Council's Financial System the authoriser shall ensure the due date is in accordance with the invoice terms or the Council's payment policy. This requires that all undisputed invoices for goods and services supplied should be paid within 10 working days of their receipt by the Council.
- k) Invoices shall all be stored electronically in a specified folder ready for importing the image into the E5 system.
- l) As soon as possible after 31 March each year, Senior Leadership Team shall notify the Financial Services Team of all outstanding expenditure relating to the previous financial year. When such expenditure is subsequently certified for payment it shall be identified as required by the S151 Officer.
- m) The S151 Officer shall publish detailed closedown procedures each year.

6.2 Corporate Credit Cards

- a) The S151 Officer is required to authorise the issue of a corporate credit card. The card shall only be used for business purchases. Receipts for all transactions shall be passed to Support Services-Finance for reconciliation to the monthly statements.

6.3 Procurement Cards

- a) The issue and use of a procurement card shall be in accordance with the Procurement Card Rules as approved by the S151 Officer.

7 PAYROLL SERVICES

7.1 Appointment of Employees

- a) The appointment of all employees shall be made in accordance with approved Employment Policies and Procedures. Recruiting managers must ensure there is sufficient budget to fund the appointed position, to be certified by a Finance Specialist, and submit to the People Managers Forum for consultation and approval.

7.2 Amendments to Payroll

- a) Senior Leadership Team / Responsible Managers shall notify the Lead Specialist – People as soon as possible, in the prescribed form, of
 - all appointments, promotions, resignations, retirements, dismissals and suspensions from duty
 - all transfers between services within the control of the Senior Leadership Team
 - all periods of sickness and absence, except normal annual leave
 - all changes in remuneration of employees, except normal increments
 - all payments for compensation and any other emoluments to any employee
 - such other information as may be required by the Lead Specialist People in connection with the calculation and payment of pay related expenditure
 - All leavers should be immediately reported to the Lead Specialist Digital Change to enable their access to be cancelled on the financial system

- Senior Leadership Team is also required to contact the Lead Specialist Digital Change and the Revenues Specialists to identify if there is any outstanding debt owing to the Council – if this is the case, the Director Support Services & Strategy shall then instruct payroll to deduct any debt from the last salary payment
- The Financial Systems support team will at least once a year circulate an up to date list of Cedar users and access levels to the Senior Leadership Team, who will be required to sign and return this list, noting any amendments

7.3 Other Payments

- a) All travelling, subsistence, financial loss, and any other reimbursements to employees shall be paid through the payroll system and in accordance with the detailed arrangements required by the S151 Officer and approved by the Council. In special cases a payment can be made through BACS.
- b) All travelling claims from both Officers and Members shall be submitted on the appropriate form monthly to payroll by the 5th working day of the month, together with appropriate VAT receipts to cover the mileage claimed. All high mileage claims over 300 miles per month shall be submitted monthly, claims under 300 miles per month shall be submitted at least quarterly.
- c) All payments for allowances, travel and subsistence etc. to elected Members shall be paid through the payroll system and in accordance with the detailed arrangements required by the S151 Officer and approved by the Council.

7.4 Timesheets

- a) All timesheets and records for overtime, expenses etc. shall be in a form approved by the Director Support Services & Strategy. All claims shall be submitted at least quarterly. Any claims submitted outside of this time limit (without the approval of the Chief Executive) will not be paid.
- b) The standard procedure for employees leaving the Council, or transferring to another post shall be followed in all cases. These procedures are laid down in Employment Policies and Procedures.

8 BANKING ARRANGEMENTS – Karen Horley reviewing

8.1 General

- a) All arrangements with the Council's bankers concerning the Council's bank accounts and partnership accounts which the Council manages on behalf of any partnership, and the issue and deposit of cheques shall be made through the S151 Officer.
- b) The S151 Officer shall be authorised to operate such subsidiary bank accounts as deemed necessary.
- c) Any overdraft on the Council's bank accounts shall be kept within the limits set out in the Treasury Management Strategy Statement. Bank accounts shall be reconciled by the S151 Officer at intervals no longer than one month and kept up to date.

8.2 Cash and Cheques Received – Karen Horley reviewing

- a) All monies received on behalf of the Council shall, without delay, be banked in the Council's name in accordance with the instructions of the S151 Officer. Post-dated cheques will not be accepted.
- b) There shall be separation of duties between receiving and paying out monies. Employees who collect cash shall not be involved in the maintenance of cash and deposit books or other financial records in respect of that cash. This requirement can only be excepted on the written approval, in advance, of the S151 Officer.
- c) Post that may contain income shall be subject to control by not less than two persons from the point of delivery through to the receipt of a signature at the cash desk. The S151 Officer will issue detailed written instructions for the handling of postal income and these instructions shall be adhered to at all times.

- d) Where a person or body claims to have made a payment which has not been credited to their account, a Support Services Case Officer, or in his/her absence Support Services Case Team Leader, shall follow the agreed procedure immediately.
- e) All copies of cancelled receipts shall be retained for inspection.
- f) Managers are responsible for ensuring the control, monitoring and regular banking of daily receipts arising from cash collection points under their control. The S151 Officer will provide detailed procedure notes which shall be adhered to at all times.

8.3 Money Laundering

- a) The Council has a nominated Money Laundering Responsible Officer (MLRO). The MLRO is the S151 Officer.
- b) Any transaction involving an unusually large amount of cash should cause questions to be asked about the source. This may particularly be the case where cash paid exceeds the amount needed to pay the transaction and a refund is requested but not in cash form. Any suspicious transaction in cash over £10,000 should be directly reported to the Money Laundering Responsible Officer and Money Laundering procedures followed.
- c) Appropriate money laundering checks must be carried out in respect of any property or assets purchased from the Council. Any suspicious transaction shall be reported to the Money Laundering Responsible Officer.

8.4 Payments by Direct Debit

- a) All agreements with banking organisations regarding direct debits shall be approved by the S151 Officer.
- b) Any telephone lines used to transmit confidential banking information regarding the Council's customers shall meet security standards approved by the Lead Specialist Digital Change. The Lead Specialist Digital Change shall ensure that direct debits requested from banks are made on the dates specified by the Support Services Team Leader.

8.5 Direct Debits and Cheques Paid

- a) All cheques and direct debit mandates drawn on bank accounts of the Council shall:
 - be signed only by the S151 Officer or other employee authorised by the S151 Officer
 - bear the name of the S151 Officer as produced by approved systems where this has been specifically agreed by the S151 Officer
- b) The S151 Officer shall arrange for such safeguards as are deemed necessary and practicable, including the separation of duties, so that as far as possible the following procedures are the responsibility of separate employees:
 - the checking of creditors' accounts
 - the control of cheques
 - the preparation of cheques
 - the signature of cheques
 - authorisation procedures for electronic payments (BACS, CHAPS)
 - the entry of the cash account
 - the reconciliation of bank balances

8.6 Handling of Cheques

- a) The Support Services Team Leader shall ensure the list of outstanding cheques is examined at least monthly and reasons sought for cheques that have not been cashed. Cheques, which have not been cashed six months after the date of issue, shall be cancelled.

9 INCOME MANAGEMENT

9.1 Income Collection

- a) Arrangements for the collection of all monies due to the Council shall be subject to the control or approval of the S151 Officer.
- b) Managers shall maintain such information in connection with the work done, goods supplied or services provided so that a correct record of all sums due is maintained. Wherever possible income due should be collected in advance. Managers shall ensure that individual customer debtor accounts are raised as soon as possible but no later than five working days from the delivery of goods or provision of services, unless specified terms have been agreed by the S151 Officer.
- c) Monthly and where appropriate quarterly accounts should be produced five working days after the month or quarter's end. Managers shall record promptly, within the Council's Sundry Debtor System, all money due to the Council. The records shall include details relating to contracts, leases and other agreements and any arrangements entered into which involve the periodic receipt of money by the Council.

9.2 Setting Fees and Charges

- a) In line with the budget setting timetable all fees and charges shall be reviewed annually by each Senior Leadership Team member / Manager in consultation with the S151 Officer. All changes to such charges shall be agreed in advance with the S151 Officer and recorded annually within the Fees and Charges Register. The Register will be published on the Council's website and it is the responsibility of each Senior Leadership Team member / Manager to notify the S151 Officer of any changes made in addition to the annual review.

9.3 Writing Off of Debts

- a) Any debts written off shall be in accordance with procedures approved by District Executive, and shall be approved in line with the following delegations. These delegations only apply when sufficient resources are held to write off the debt in the bad debt provision. If sufficient resources are not held to write off the debt then the S151 Officer will submit a report to District Executive / Council for approval.

Income Type	Limits	Authority to Approve Write-Offs
Council Tax and Business Rates All Income types	£0 system balance	Customer Focus or Case Officer
	£0.01 to £25 £500	Customer Focus or Revenues Case Officer (Grade 3 /4) – (recovery costs only)
	£25.01 to £100	Revenues Case Officer
	£100.01 £0.01 to £1,000	Revenues Specialist / Team Leader – Revenues Case Officer (Grade 5) / Finance Specialist / Support Service Team Leader
	£1,000.01 to £5,000 £10,000	Revenues Specialist / Team Leader / Lead Specialist – Finance
	£10,000.01 to £24,999.99	Lead Specialist - Finance
	>£5,000 £25,000 and over	S151 Officer
Other Income	£0.01 to £25	Customer Focus or Case Officer
	£25.01 to £100	Case Officer
	£100.01 to £1,000	Finance Specialist / Support Services Team Leader
	£1,000.01 to £5,000	Lead Specialist – Finance
	>£5,000	S151 Officer

- b) The recovery of all debts shall be in accordance with the Income Management Policy approved by the District Executive and supporting procedures agreed by the S151 Officer. It is the responsibility of Senior Leadership Team / Managers to adhere to policy and procedures, and ensure income due is collected.
- c) Managers shall be responsible for accounting for VAT on income, fees and charges in accordance with the Regulations of HM Revenue and Customs. The S151 Officer shall advise those managers of any changes to the Regulations.

9.4 Cash Floats and Petty Cash

- a) Where cash floats, petty cash, or cash remittances are held, Managers shall ensure that cash holdings and receipts should be regularly reconciled and recorded to evidence monitoring and minimise the risk of cash differences.

9.5 Imprest Accounts

- a) The Support Services Team Leader is responsible for the arrangements for Imprest Accounts. Guidance notes will be issued and employees in control of Imprest Accounts shall follow the correct procedures at all times. Managers shall ensure that all monies authorised for reimbursement in an Imprest Account are accounted for in accordance with the guidance notes.

10 RISK MANAGEMENT AND INSURANCES

10.1 Risk Management

- a) The ~~Director – Strategy & Support Services~~ **Lead Specialist – Procurement Performance and Change** will prepare the authority's Risk Management Policy ~~statement and strategy~~ for the approval of the District Executive. **Audit Committee scrutinises and monitors the effectiveness of those arrangements risk management and internal control arrangements to obtain assurance on their effectiveness. Systems will be developed to identify and evaluate all significant risks to the authority by all associated in the planning and delivery of services. A system of regular review and dialogue with Senior Leadership Team / Managers and relevant stakeholders is maintained to identify and drive evaluation of all significant risks to the authority in the planning and delivery of services.**
- b) A consolidated risk register will be maintained by the **Lead Specialist – Procurement Performance and Change** and is published and accessible to all employees. All risks ~~identified which~~ **which are considered relevant in respect of their potential** impact on the activities of the Council will be recorded on the register.
- c) **Senior Leadership Team is responsible for identifying, assessing and managing all risks in respect of their functions and business plan delivery, and will obtain assurance from ensure named risk officer(s) owners are responsible for maintaining risk data and profiles within those functions that risks are evaluated and managed to ensure the achievement of the business plan**
- d) Risks will be identified through:
- ~~Programmed Control and Risk Self Assessments sessions facilitated by the South West Audit Partnership~~
 - A system of regular facilitated reviews, workshops, and ongoing dialogue with the Senior Leadership Team and relevant stakeholders**
 - Audit reviews
 - ~~Senior Leadership Team as part of their responsibilities for maintaining accurate risk records~~
- e) ~~The South West Audit Partnership in conjunction with Senior Leadership Team will devise Action Plans to actively manage risks, following all control and risk self-assessment sessions. Senior Leadership Team will be responsible for ensuring that all actions identified, in respect of any risk, are dealt with in accordance with the timetable specified.~~
- f) The Lead Specialist – Procurement Performance and Change will provide risk management reports to SLT quarterly and to the Audit Committee twice yearly.

10.2 Insurances

- a) The S151 Officer shall make arrangements for approved insurance cover, maintaining adequate records and negotiating claims with the Council's insurers.
- b) Senior Leadership Team shall advise the Insurance Case Services Officer of the extent and nature of all new risks where insurance may not exist or may be inadequate.
- c) The S151 Officer can authorise payments of small claims from self-insured funds of up to £2,000.

- d) The S151 Officer shall review insurance cover annually.
- e) The Insurance Case Services Officer shall keep Senior Leadership Team notified as to the nature and extent of the various risks that are covered or left exposed.

10.3 Notification of Loss

- a) Senior Leadership Team / Managers shall notify immediately the Insurance Case Services Officer, in writing, of any loss, liability or damage or any event likely to lead to a claim in connection with their areas of responsibility.
- b) All employees of the Council shall be included in a fidelity guarantee policy.

10.4 Car Allowances

- a) Recipients of car allowances shall provide Payroll with copies of policies or premium receipts as may be necessary to ensure adequate cover against any liability of the Council arising from official use of their vehicle.

11 STOCKS, STORES, FURNITURE AND EQUIPMENT

11.1 General

- a) Managers shall be responsible for the care and physical control of all stocks, stores, furniture, plant and equipment in their custody. ~~Records shall be maintained in a form specified by the S151 Officer.~~

11.2 Write Offs

- a) Any items of stocks, stores, plant or equipment to be written off shall require the certification of the relevant Senior Leadership Team member or an employee nominated by a Manager. The certification shall be in writing and details notified to the S151 Officer as soon as possible.

11.3 Stock Checks

- a) All stocks of goods held as stores, or for resale, shall be subject to stock check annually. Managers, shall certify a certificate of the value held at 31 March each year at cost and the certificate forwarded to the S151 Officer within 10 days of the year end. The de minimis level for year-end stock certificate being returned to Support Services Finance is £1,000.

11.4 Corrections

- a) Correction of deficiencies and surpluses on stocks and stores accounts shall be in accordance with the procedures laid down by the S151 Officer.

11.5 Disposal of Surplus Furniture & Equipment (including personal computers)

- a) Prior to disposal Property Services shall offer the surplus furniture or equipment to other services within the organisation at no cost. Only when there is no organisational need to retain the equipment can it be disposed of ensuring value for money is received.
- b) All redundant ICT equipment including mobile telephones and related items shall be returned to Support Services ICT who will return to stock or dispose of securely.
- c) Managers shall amend inventories to reflect disposals and acquisitions.

11.6 Inventories

- a) Managers shall be responsible for ensuring proper maintenance of inventories of plant, equipment and the means for prompt and efficient identification of each item for the purposes of insurance claims or claims under suppliers' guarantees. The information shall be recorded in the format specified by the S151 Officer.

12 CAR LOANS AND LEASED CARS

- a) All loans and leases for the provision of motor vehicles shall be administered in accordance with the scheme approved by the District Executive.

13 BUILDINGS, LAND AND PROPERTY

13.1 Asset Register

- a) The S151 Officer shall maintain a full and accurate register of all Council Property, Plant and Equipment and other Long Term Assets for the purpose of maintaining accurate balance sheet records and calculating capital charges in accordance with relevant Codes of Practice.
- b) The Commercial Property, Land and Development Manager shall ensure all land and property assets are fully and accurately recorded in a suitable property asset register / asset management system.
- c) If the property system and accounting asset register are separate systems, it is the responsibility of the Commercial Property, Land and Development Manager and the Lead Specialist – Finance to ensure these are reconciled regularly including as at 31 March each year to evidence accounting balances in the Balance Sheet.

13.2 Land and Property Transactions

- a) All arrangements for the acquisition or disposal of land and buildings shall be in accordance with approved governance arrangements such as ~~the Investment Assessment Group (IAG)~~, Disposal Assessment Group (DAG), Strategic Development Board (SDB) and Regeneration Programme Boards (RPBs) or otherwise in accordance with the Scheme of Delegation and these Rules. Acquisitions and disposals, including the Council's existing investment for yield portfolio, may involve freeholds, leaseholds or other forms of tenure, gifts, and other property rights and obligations.

13.2 Acquisitions

- a) The following levels of delegation and procedures apply:

	Business Case Assessment By	Values	Approval By
Non-Investment New Property acquisition	S151 Officer, Commercial Property, Land and Development Manager, and relevant Portfolio Holder	Up to £50,000 Any	Commercial Property, Land & Development Manager in consultation with relevant Director or Portfolio Holder District Executive recommendation to Full Council

Note: likely to require specific consent under the section 24 direction

13.3 Sales

- a) The following levels of delegation and procedures apply:

	Business Case Assessment By	Values	Approval By
Property disposal	Disposal Assessment Group (DAG) in consultation with the S151 Officer and the relevant Portfolio Holder	Up to £50,000	Commercial Property, Land & Development Manager in consultation with relevant Director or Portfolio Holder
		>£50,000	District Executive
Asset Transfers to Registered Social Landlords – for	Disposal Assessment Group (DAG), and agreement of S151 Officer and Portfolio	Up to £250,000	Chief Executive
		>£250,000 and within approved Policy and Budget	Chief Executive

social housing or associated parking	Holder (Strategy and Policy)	>£250,000 and outside approved Policy and Budget	District Executive
Community Asset Transfers	Disposal Assessment Group (DAG)	Within CAT Policy	Chief Executive
		Outside CAT Policy	District Executive

Note: likely to require specific consent under the section 24 direction

13.3 Investment Properties

- b) ~~Investment Property acquisitions and disposals shall follow the governance and procedures agreed by Full Council as part of the Commercial Strategy, with the Director – Commercial Services responsible for its implementation.~~
- c) ~~Full Council is responsible for approving the Total Investment Limit for the Property Investment Fund, and related changes to the Capital, Treasury and Investment Strategies.~~
- d) ~~Authority to approve individual acquisitions and disposals (freehold or leasehold), subject to completion of appropriate business case and due diligence, shall be within the following delegation limits:~~

Type	Business Case Assessment By	Values	Approval By
Investment Property acquisition	Investment Assessment Group (IAG)	Up to £20,000,000	Chief Executive in consultation with the Leader
		>£20,000,000	District Executive
Investment Property disposal	Disposal Assessment Group (DAG)	Up to £20,000,000	Chief Executive in consultation with the Leader
		>£20,000,000	District Executive

- e) ~~The S151 Officer, in consultation with the Chief Executive and the Commercial Services and Income Generation Director, has authority to reinvest investment property disposal income within the Investment Fund within the overall fund limit approved by Full Council, or to repay residual capital debt for acquired assets. Surplus income from capital growth realised on disposal will be returned to reserve balances.~~

13.4 Disposal of land and property

- a) ~~With the exception of transfers to RSLs under £250,000 (for social housing or associated parking) or disposals outside of policy, the Commercial Property, Land and Development Manager in conjunction with the relevant Portfolio Holder and Director (Commercial Services and Income Generation) report to the DAG requesting approval to proceed with the disposal in such circumstances where either the use of a specific or general disposal consent or a Qualifying Meeting (as defined in the General Disposal Consent of 2003) is required before the disposal can be completed or in any other circumstances where the recommendation is to accept a tender which is other than the tender which offers the best consideration reasonably obtainable. Approval via DAG procedure and governance.~~
- b) In respect of receipts from sale of assets where values are less than £10,000: net proceeds will be credited to the appropriate revenue budget.
- c) ~~In respect of receipts from sale of assets where values are more than £10,000: where permitted under the Statutory Guidance on the Flexible Use of Capital Receipts (March 2016), net receipts can be used to fund revenue costs up to and including March 2022, provided the expenditure meets the requirements for qualifying expenditure under this guidance.~~

13.4 Leases, rentals and other dealings with property

- a) The Commercial Property, Land and Development Manager (or delegated representative) shall, in the absence of any specific conditions or exemptions agreed by the District Executive and these Financial Procedure Rules, have authority to undertake the following in consultation with the relevant Director, or Portfolio Holder, where the value of the consideration, rent, licence fees, easement or wayleave payment in each case does not exceed £100,000 annually for Non-Investment and is in accordance with the District Valuer (or other RICS professional) valuation, and operates within approved budgets:-

- the agreement of all monthly tenancies
- the agreement of all licences
- the conducting and agreement of all rent reviews, including rent free periods
- the agreement of all lease renewals
- new leases where tenancy of existing freehold/leasehold owned property changes
-
- the agreement of lettings
- the agreement of all easements and wayleaves
- the agreement of all changes of use
- the agreement of all compensation claims where there is budgetary provision
- the agreement of all releases/variations of covenants

d) ~~For Investment Properties, the Director of Commercial Services and Income Generation (or delegated representative) shall have authority to approve all of the following in consultation with the S151 Officer where the value of the consideration, rent, licence fees, easement or wayleave payment in each case does not exceed £1,000,000 annually. Items in excess of this amount must be referred to the Investment Assessment Group for review and recommendation for approval by the Chief Executive in consultation with the Leader.~~

- ~~the agreement of all tenancies~~
- ~~the agreement of all licences~~
- ~~the conducting and agreement of all rent reviews including awarding rent free periods~~
- ~~the agreement of all lease renewals or new leases where tenancy of existing freehold/leasehold owned property changes~~
- ~~the agreement of lettings~~
- ~~the agreement of all easements and wayleaves~~
- ~~the agreement of all changes of use~~
- ~~the agreement of all compensation claims where there is budgetary provision~~
- ~~the agreement of all releases/variations of covenants~~

13.6 Condition Surveys

- a) ~~The Director Commercial Services and Income Generation~~ **Commercial Property, Land and Development Manager** shall ensure that condition surveys of all buildings and property assets in which the Council has a proprietary interest are carried out at least once every 5 years. Survey details are to be recorded in appropriate systems and work programmes prepared in accordance with priorities set out in the Property Repairs and Maintenance Policy.

13.7 Asset Management Plans

- a) ~~The Director Commercial Services and Income Generation~~ **Commercial Property, Land and Development Manager** shall maintain an Asset Management Plan in respect of the Council's land and property portfolio. The Plan must detail the actions to be monitored by the Commercial Property, Land and Development Manager
- b) ~~The Director Commercial Services and Income Generation shall maintain records and systems that enable the Council to ensure that the best use is made of all properties. The Director Commercial Services and Income Generation.~~ **The Commercial Property, Land and Development Manager** shall advise the Council on alternative uses of land and property as best serves the Council's interests at the time.
- c) The Commercial Property, Land and Development Manager shall ensure that all leases are kept up to date and rents due are revised at the appropriate time.

13.8 Custody of Deeds and Documents

- a) The Lead Specialist – Legal shall have custody of the title deeds and other agreements under seal or hand of all land owned by the Council (together with all deeds and documents held as security for any monies owed to the Council) and are responsible for their safe-keeping.

13.9 Security

- a) Senior Leadership Team shall be responsible for ensuring the proper security at all times for buildings, stocks, stores, furniture, equipment, cash and information held on files. Senior Leadership Team shall consult with the the relevant Manager in any instance where security is thought to be defective or where it is considered that special security arrangements may be needed, or where circumstances suggest the possibility of any irregularity.
- b) Senior Leadership Team shall ensure that there are appropriate arrangements for the control of all door, safe and cabinet keys held within their areas of responsibility. There shall be independent control of all receipt forms, cheques, tickets, store notes, order forms or similar documents and it shall be the responsibility of the appropriate Senior Leadership Team member to ensure that all such items are serially numbered and properly controlled ~~in accordance with arrangements agreed with the Chief Internal Auditor (Assistant Director, South West Audit Partnership).~~

14 LOANS POLICY

- a) The Council should only provide small loans to outside bodies where alternative forms of borrowing are not available or at prohibitive costs. The loans will only be made to outside bodies that operate from within the South Somerset District geographical area and are either registered charities, public sector, or not for profit organisations.
- b) All loan agreements will either be charged on the property to which they relate (like a mortgage) or a guarantee will be required from a surety which could be an individual, group of individuals or body.
- c) The maximum repayment period will be 10 years and all loans will be repaid on a repayment basis so that the loan is repaid across the loan period at instalment rates approved in advance (i.e. in the same way as mortgage repayments).
- d) Loans will be given at the appropriate PWLB rate for the period of the loan, or other prudent rate as determined by the S151 Officer in consideration of investment risk. The maximum amount of a loan to an outside body shall be £150,000.
- e) Approval of loans shall be by District Executive and a full appraisal submitted which shall include details of the security offered. In order to qualify for a loan, the outside body shall also submit a Business Plan to the S151 Officer covering the period of the loan.
- f) For small loans of £5,000 or less the approval procedure may be delegated to the area portfolio holders, in consultation with the relevant Managers. The interest rate will be the relevant PWLB rate, or other prudent rate as determined by the S151 Officer in consideration of investment risk, and the loans should be guaranteed by the Town or Parish Council, or similar trustees.
- g) Any loans agreed outside of the loans policy shall be agreed by Full Council.

15 EXTERNAL ARRANGEMENTS

15.1 Partnerships

- a) In leading the community and entering into partnerships the Council will seek to achieve the promotion or improvement of the economic, social or environmental wellbeing of its area.
- b) The main criteria for SSDC entering into a partnership are:
 - to provide improvements in service delivery
 - to provide efficiency in the costs of service provision
 - to share risk
 - to achieve specific corporate priorities
- c) A partnership is defined as a formal working arrangement involving one or more independent bodies, from any sector, who pool resources and share responsibility for agreeing and then delivering a set of planned actions and outcomes. A formal agreement is made by all partners to work together for specific outcomes.

- d) Partners may participate by:
- acting as a deliverer or sponsor, solely or jointly with others
 - acting as a funder or part funder
 - being the beneficiary group (or part thereof) of the activity undertaken in a partnership
- e) The District Executive is responsible for determining and agreeing all key partnerships. Senior Leadership Team is responsible for agreeing all substantial and minor partnerships. At inception a review period must be agreed and any associated delegation arrangements approved by District Executive if a key partnership or by the appropriate Senior Leadership Team member if a substantial or minor partnership.
- f) All partnerships must be reviewed annually and reported by the appropriate Senior Leadership Team member to the relevant committee (either District Executive or Area Committee). All partnerships must be included within the Partnership Register and updated annually by the Senior Leadership Team.
- g) Senior Leadership Team and Portfolio Holders shall consider and make provision for any overall corporate governance issues and shall ensure account is taken of any legal issues when arranging contracts with external bodies. They shall ensure that risks have been fully appraised before agreements are entered into with external bodies.
- h) The governance arrangements of all key and significant partnerships require approval of the statutory officers.
- i) All key partnerships have a requirement to produce, maintain, and monitor a shared risk register.
- j) The same high standards of conduct that apply throughout the authority shall be maintained in partnerships, and representatives to partnerships should exercise these same high standards.
- k) The S151 Officer shall ensure that accounting arrangements to be adopted in relation to partnerships and joint venture companies are satisfactory and compliant with relevant regulations and Codes of Practice.
- l) Regular monitoring arrangements must be in place. For key partnerships monitoring must be reported regularly to the District Executive and other partnerships (substantial and minor) to the Area Committees. This can be carried out through the quarterly budget monitoring reports as a minimum.
- m) Senior Leadership Team and Portfolio Holders are responsible for ensuring that appropriate Council approvals are obtained before concluding negotiations in relation to work with external bodies.

15.2 External Funding

- a) The S151 Officer in consultation with the relevant Senior Leadership Team member or Portfolio Holder is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts **and budgets**. Each Senior Leadership Team member and Portfolio Holder is responsible for informing the S151 Officer promptly about such funding. Where such income is receivable against a grant claim the relevant Senior Leadership Team member or Portfolio Holder shall provide written confirmation to the S151 Officer that all output and other grant requirements have been properly and fully met.

15.3 Grants to Outside Bodies

- a) The District Executive or relevant Area Committee shall approve all grants and other assistance to external bodies, except where such annual assistance in total is less than £1,000 in value to any one body and there is budgetary provision for such assistance. It must not form a commitment of future year's annual budget ~~unless it matches the criteria as set within the Community Grants Policy (4) in respect of those bodies with approved multi-year Funding Agreements / Service Level Agreements.~~ Where the total value per annum to any one body is below £1,000 the relevant Senior Leadership Team member or Portfolio Holder may approve such assistance subject to the requirements of these Financial Procedure Rules being met. Where the total value per annum to any one body is below £1,000 the relevant Senior Leadership Team member may delegate the approval to the appropriate designated officer, again subject to the requirements of these Financial Procedure Rules being met.

- b) The District Executive may approve a framework for the administration of any specified class of grant and assistance under their control over the value of £1,000 by a relevant Senior Leadership Team member for the efficient conduct of business, subject to the agreed framework and meeting the other requirements of these Financial Procedure Rules.
- c) Reports seeking approval to assist an outside body by grant or other assistance in kind shall provide assurance that the following requirements have been met or will be met, to ensure that the Council's interests are protected before any grant or assistance is actually made:
- the receiving body has been properly identified, has suitable lead parties, a defined work area/purpose, and suitable trust documents/constitution
 - any conflicts of interest have been declared and properly managed
 - any risks to such agreements and the Council's interests are being adequately and appropriately managed
 - it will be possible to confirm the proper use of the Council's assistance
 - the assistance contributes to the delivery of the Council's services or achievement of the Council's corporate objectives
 - the extent and purpose of the assistance have been properly identified
 - arrangements for the repayment of any loans have been made
 - arrangements to gain repayment/recovery for the value of the assistance are in place in the event of default by the recipient
 - any specific conditions relating to the assistance are identified
 - monitoring arrangements are to be set in place to ensure the assistance is used for the purpose approved
 - the recipient will provide evidence to the Council demonstrating proper accounting for, and use of the assistance, including, for assistance over £1,000 in value, access to the accounts of the body for S151 Officer, or designated representative and to supporting information, documents and evidence
 - a legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of grant or other assistance
- d) Full records will be maintained of all grants and related applications for assistance, which should identify which staff are involved in the processing of applications and grants, and record the date of approval of any grant or other assistance and by whom, and any other relevant transaction information.

16 BREACHES OF FINANCIAL REGULATIONS

- a) Where a failure to comply with these regulations is identified the matter should be brought to the immediate attention of the S151 Officer and the Chief Internal Auditor (Assistant Director, South West Audit Partnership).
- b) A report shall be made to the S151 Officer for minor breaches and to the District Executive or Audit Committee where the S151 Officer and the Chief Internal Auditor (Assistant Director, South West Audit Partnership) consider the matter to be of significance.

Appendix A

Additional Guidance is available from the following Officer Contacts

		TO BE UPDATED
Section	Financial Regulation	Contact Officer
1	FINANCIAL GOVERNANCE	Section 151 Officer
1.2(e)	Decision Making Procedures	Democratic Services Specialist or Monitoring Officer
2	CASH LIMITS	Section 151 Officer
3	FINANCIAL CONTROL	
3.1	General	Section 151 Officer
3.2	Statement of Internal Control/Statement of Governance	Section 151 Officer
3.3	South West Audit Partnership	Assistant Director-SWAP
3.5	Operational Leases	Lead Specialist – Finance / Specialist - Procurement
3.6	Treasury Management	Finance Specialist
4	CONTRACTS	
4.1	General	Specialist - Procurement
5	PAYMENT OF INVOICES	
5	Payment of Invoices	Support Services Case Team Leader
5.1	Corporate Credit Cards	Section 151 Officer
5.2	Procurement Cards	Procurement Specialist
6	PAYROLL SERVICES	
6.1	Appointment of Employees	Lead Specialist - People
6.2	Amendments	Lead Specialist - People
6.3	Other Payments	Lead Specialist - People
6.4	Timesheets	Lead Specialist - People
7	BANKING ARRANGEMENTS	
7.1	General	Section 151 Officer
7.2	Cheques/Cash Received	Support Services Case Team Leader
7.3	Money Laundering	Assistant Director-SWAP
7.4	Direct Debits (received)	Support Services Case Team Leader
7.5	Direct Debits and Cheques Paid	Support Services Case Team Leader
7.6	Handling of Cheques	Support Services Case Team Leader
8	INCOME	Specialist – Finance
9	IMPREST ACCOUNTS	Specialist – Finance
10	RISK MANAGEMENT AND INSURANCES	
10.1	Risk Management	Specialist - Procurement
10.2	Insurances	Insurance Case Services Officer
10.3	Notification of Loss	Insurance Case Services Officer
10.4	Review	Insurance Case Services Officer
10.5	Car Allowances	Insurance Case Services Officer
10.6	Current Insurance	Insurance Case Services Officer
10.7	Inventories	Insurance Case Services Officer
11	STOCKS, STORES, FURNITURE AND EQUIPMENT	
11.1	General	Specialist – Finance
11.2	Write Offs	Specialist – Finance
11.3	Stock Checks	Specialist – Finance
11.4	Corrections	Specialist – Finance
11.5	Disposal of Surplus	Specialist – Finance
12	CAR LOANS AND LEASED CARS	Specialist – Finance
13	BUILDINGS, LAND AND PROPERTY	
13.1	Asset Register	Commercial Property, Land and Development Manager
13.2	Buildings, Land and Property Transactions	Lead Specialist – Finance / Commercial Property, Land and Development Manager
13.3	Condition Surveys	Commercial Property, Land and Development Manager

13.4	Asset Management Plans	Commercial Property, Land and Development Manager
13.5	Custody of Deeds	Lead Specialist - Legal
13.6	Security	Director Commercial Services and Income Generation
14	LOANS POLICY	Lead Specialist – Finance
15	EXTERNAL ARRANGEMENTS	
15.1	Partnerships	Lead Specialist – Finance
15.2	External Funding	Lead Specialist – Finance
15.3	Grants to Outside Bodies	Lead Specialist – Finance
16	BREACHES OF FINANCIAL REGULATIONS	Section 151 Officer or Assistant Director-SWAP

DRAFT

Audit Committee Forward Plan

SLT Lead: Karen Watling, Chief Finance Officer
Lead Officer: Michelle Mainwaring, Case Officer (Strategy & Commissioning)
Contact Details: michelle.mainwaring@southsomerset.gov.uk

Purpose of the Report

This report informs Members of the agreed Audit Committee Forward Plan.

Recommendations

Members are asked to note and comment upon the proposed Audit Committee Forward Plan as attached.

Audit Committee Forward Plan

The forward plan sets out items and issues to be discussed over the coming few months and is reviewed annually.

Items marked *in italics* are not yet confirmed.

Background Papers

None.

Audit Committee Forward Plan

Meeting Date	Item	Responsible Officer
30th June 2022	2021/22 Internal Audit Annual Opinion Report	Alistair Woodland, Assistant Director (SWAP)
	2021/22 Annual Treasury Management Performance Report	Lead Specialist Finance (Deputy S151 Officer)
	Annual Whistleblowing Update	Monitoring Officer
	Annual review of Treasury Management Practices for 2022-23	Lead Specialist Finance (Deputy S151 Officer)
	Proposed changes to Financial Procedures Rules for 2022-23 (to go to Full Council)	Chief Finance Officer and
28th July 2022	2020/21 External Audit Findings Report	Barrie Morris, Director, and Beth Garner, Manager (Grant Thornton)
	2020/21 External Auditors' Annual Report (to go to full Council)	Barrie Morris, Director, and Beth Garner, Manager (Grant Thornton)
	Management Response to 2020/21 External Audit Findings and Annual Report (tbc)	Chief Executive Chief Finance Officer Monitoring Officer
	Approval of 2020/21 audited Statement of Accounts	Chief Finance Officer and Lead Specialist – Finance (Deputy S151 Officer)
	Approval of 2020/21 Annual Governance Statement	Chief Executive and Monitoring Officer
	Informing the Audit Risk Assessment for the 2021-22 external audit	Chief Finance Officer, Monitoring Officer and Chief Executive

	2020/21 Housing Benefits Certificate of Claims Report (<i>tbc</i>)	Lead Specialist Finance (Deputy S151 Officer)
	Briefing on progress on preparing the 2021/22 Statement of Accounts	Chief Finance Officer and Lead Specialist – Finance (Deputy S151 Officer)
	2022/23 Q1: Internal Audit Progress Report	Alistair Woodland, Assistant Director (SWAP)
	Risk Management Update Q1 2022/23	Lead Specialist, PPC
22nd September 2022	2021/22 unaudited Statement of Accounts for 2021/22	Chief Finance Officer and Lead Specialist – Finance (Deputy S151 Officer)
	2021/22 Draft Annual Governance Statement	Chief Executive, Monitoring Officer, and Chief Finance Officer
	2022/23 Q2: Internal Audit Progress Report	Alistair Woodland, Assistant Director (SWAP)
	Risk Management Update Q2 2022/23	Lead Specialist, PPC
	A briefing on SSDC Opium Power Ltd	Chief Finance Officer, Lead Specialist - Finance (Deputy S151 Officer)
24th November 2022	2022/23 Treasury Management mid-year treasury performance and strategy update	Lead Specialist Finance (Deputy S151 Officer)
26th January 2023	2021/22 External Audit Findings Report	Barrie Morris, Director, and Beth Garner, Manager (Grant Thornton)
	2021/22 External Auditors' Annual Report (to go to full Council)	Barrie Morris, Director, and Beth Garner, Manager (Grant Thornton)
	Approval of 2021/22 audited Statement of Accounts	Chief Finance Officer and Lead Specialist – Finance (Deputy S151 Officer)

	Approval of 2021/22 Annual Governance Statement	Chief Executive, Monitoring Officer and Chief Finance Officer
	2021/22 Housing Benefits Certificate of Claims Report (<i>tbc</i>)	Lead Specialist Finance (Deputy S151 Officer)
	2022/23 Q3: Internal Audit Progress Report	Alistair Woodland, Assistant Director (SWAP)
	Risk Management Update Q3 2022/23	Lead Specialist, PPC
	Update on Improving Environmental Services and Corporate Governance	Chief Executive, Director Strategy Support and Environmental Services
23rd March 2023	2022/23 Annual Health & Safety Update	Lead Specialist – Strategic Planning
	2022/23 Annual Civil Contingencies	Lead Specialist – Strategic Planning
	2022/23 Annual Whistleblowing Update	Monitoring Officer
	2022/23 Internal Audit Outturn Report	Alistair Woodland, Assistant Director (SWAP)
	2022/23 Q4 Risk Management Update	Lead Specialist, PPC
	2022/23 Internal Audit Annual Opinion Report	Alistair Woodland, Assistant Director (SWAP)
	2022/23 Draft Annual Governance Statement Note: expect supplementary change order provisions will require the dissolving councils to prepare and approve their final Annual Governance Statement by 31 March 2023	Chief Executive, Monitoring Officer and Chief Finance Officer