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Date: Friday, 10 September 2021

Dear Sir or Madam

The Audit Committee – Monday, 20 September 2021, 10.30 am – New Council Chamber

A meeting of the Audit Committee will take place as indicated above.

The agenda is set out overleaf.

Yours faithfully

Assistant Director Legal & Governance and Monitoring Officer

To: Members of the Audit Committee

Councillors:

John Cato (Chair), Sandra Hearne, Patrick Keating, Marcia Pepperall and Richard Tucker.

This document and associated papers can be made available in a different format on request.

Agenda

1. **Appointment of Vice Chairman for Municipal Year 2021-22**

2. **Public Participation (Standing Order 17)**

To receive and hear any person who wishes to address the Committee. The Chairman will select the order of the matters to be heard. Each person will be limited to a period of five minutes. Public participation time must not exceed thirty minutes.

Requests to speak must be submitted in writing to the Head of Legal and Democratic Services, or the officer mentioned at the top of this agenda letter, by noon on the working day before the meeting and the request must detail the subject matter of the address.

Note: Given the limited space in the council chamber due to ongoing social distancing measures, anyone wishing to address the Committee is encouraged to submit a full written statement by the above deadline which will be published in advance and read out on their behalf by an officer at the meeting.

3. **Apologies for absence and notification of substitutes**

4. **Declaration of Disclosable Pecuniary Interest (Standing Order 37)**

A Member must declare any disclosable pecuniary interest where it relates to any matter being considered at the meeting. A declaration of a disclosable pecuniary interest should indicate the interest and the agenda item to which it relates. A Member is not permitted to participate in this agenda item by law and should immediately leave the meeting before the start of any debate.

If the Member leaves the meeting in respect of a declaration, he or she should ensure that the Chairman is aware of this before he or she leaves to enable their exit from the meeting to be recorded in the minutes in accordance with Standing Order 37.

5. **Minutes (Pages 5 - 10)**

23 April 2021, to approve as a correct record (attached)

6. **Constitution Review (Pages 11 - 300)**

Report of Assistant Director Legal & Governance and Monitoring Officer (attached)

7. **Risk Register Update (Pages 301 - 310)**

Report of Head of Business Insight, Policy and Partnerships (attached)

8. **Internal Audit Update (Pages 311 - 316)**

Report of Service Director and Head of Audit and Assurance (attached)

9. Informing the Risk Assessment (Pages 317 - 322)

Letter from “Those Charged with Governance” to the External Auditors (attached)

10. Statement of Accounts 2020-21 (Pages 323 - 536)

10 Statement of Accounts 2020-21 Report of Head of Finance (attached)

10.1 Audit Findings Reports – Report of the Council’s External Auditor, Grant Thornton (attached)

10.2 Appendix A Draft Statement of Accounts 2020-21 (attached)

10.3 Appendix B Letter of Representation 2021-21 unsigned (attached)

11. Matters referred by Council, the Executive, other Committees and Panels (if any)

12. Urgent business permitted by the Local Government Act 1972 (if any)

Any item of business which the Chairman is of the opinion should be considered at the meeting as a matter of urgency by reason of special circumstances (to be specified in the Minutes). For a matter to be considered as an urgent item, the following question must be addressed:

“What harm to the public interest would flow from leaving it until the next meeting?” If harm can be demonstrated, then it is open to the Chairman to rule that it be considered as urgent. Otherwise the matter cannot be considered urgent within the statutory provisions.

Exempt Items

Should the Audit Committee wish to consider a matter as an Exempt Item, the following resolution should be passed -

“(1) That the press, public, and officers not required by the Members, the Chief Executive or the Director, to remain during the exempt session, be excluded from the meeting during consideration of the following item of business on the ground that its consideration will involve the disclosure of exempt information as defined in Section 100I of the Local Government Act 1972.”

Also, if appropriate, the following resolution should be passed –

“(2) That members of the Council who are not members of the Audit Committee be invited to remain.”

Mobile phones and other mobile devices

All persons attending the meeting are requested to ensure that these devices are

switched to silent mode. The chairman may approve an exception to this request in special circumstances.

Filming and recording of meetings

The proceedings of this meeting may be recorded for broadcasting purposes.

Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chairman. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting, focusing only on those actively participating in the meeting and having regard to the wishes of any members of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Assistant Director Legal & Governance and Monitoring Officer's representative before the start of the meeting so that all those present may be made aware that it is happening.

Members of the public may also use Facebook and Twitter or other forms of social media to report on proceedings at this meeting.

Emergency Evacuation Procedure

On hearing the alarm – (a continuous two-tone siren)

Leave the room by the nearest exit door. Ensure that windows are closed.

Last person out to close the door.

Do not stop to collect personal belongings.

Do not use the lifts.

Follow the green and white exit signs and make your way to the assembly point.

Do not re-enter the building until authorised to do so by the Fire Authority.

Go to Assembly Point C – Outside the offices formerly occupied by Stephen & Co

Minutes

of the Meeting of

The Audit Committee

Friday, 23 April 2021

Virtual meeting by Teams

Meeting Commenced: 10.30 am

Meeting Concluded: 12.38 pm

Councillors:

John Cato (Chairman)

Sandra Hearne
Patrick Keating
Marcia Pepperall
Richard Tucker

Also in attendance: Gail Turner-Radcliffe (Grant Thornton).

Officers in attendance: Steve Ballard (Principal Accountant (Closure and Systems)), Hazel Brinton (Democratic Services Officer), Peter Cann (Senior Auditor), Mike Riggall (Information and ICT Security Manager) and Ayesha Tinsley (Digital Apprentice).

AUD Chairman's Welcome

1

The Chairman welcomed everyone to the fourth virtual meeting of the Audit Committee.

He explained the procedures to be followed at the meeting and confirmed that decisions taken at this virtual meeting would have the same standing as those taken at a physical meeting of the Council in the Town Hall.

The Chairman reminded everyone that the meeting was being livestreamed on the internet and that a recorded version would be available to view within 48 hours on the North Somerset Council website.

At the invitation of the Chairman the Democratic Services officer took a roll call of councillors to confirm attendance for the benefit of those in the meeting and members of the public watching online.

AUD Declaration of Disclosable Pecuniary Interest (Standing Order 37)

2

None.

AUD Minutes 28 January 2021

3

Resolved: that the minutes of the meeting be **approved** as a correct record.

AUD External Audit Update

4

A representative from Grant Thornton presented the report and drew members attention to the progress and timetable for their work programme on the Financial Statements Audit for 2021/21. She noted completion of certification work on the Housing Benefit Subsidy claim and workshops given to the authority's officers earlier in the year. She brought members' attention to the audit deliverable dates for the Audit Plan, Audit Findings Report, Auditors' Report and Auditors' Annual Report.

The representative highlighted the planning materiality levels for the audit of the 2020/21 statements and two presumed significant risks of misstatement of revenue recognition and management override of controls. She indicated other areas of focus including estimates in the areas of plant, property, equipment and pension liability and work on the planned insourcing of the Council's waste collection service.

The representative noted the updated Value for Money arrangements which would now include commentary rather than a binary opinion and the possible auditor recommendations as a result of their investigations into the council's Value for Money arrangements. She indicated the level of audit fees payable by the council to the auditors for their work noting that the fee for 2020/21 was to be agreed.

In presenting the report, the representative drew members' attention to the Sector Update which included information on the changes to the approach to Value for Money and the revised auditing standard relating to estimates.

Members asked questions and made comments on whether the auditors had an indication of the level of risk they expected when auditing the council's financial statements; whether Group accounts would be drawn up to include the council's dormant companies; further information on the types of recommendations surrounding Value for Money; an understanding of the concept of materiality; the level of audit fees, the likely percentage increase and the reasons behind this increase; whether the timetable for the audit work was achievable and the nature of any help that members could give to the external auditors in their work.

Resolved: that the report be **noted**.

AUD Update on Annual Accounts

5

A representative of the Director of Corporate Services presented the report. In doing so, he drew members' attention to the legislation underpinning the preparation of the council's accounts and the committee's role in completing them.

He highlighted this year's changes to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Local Authority Accounts and the likelihood of significant changes to the code for the following year; the significant amount of work involved in the implementation of the change to accounting

treatment of leases for 2021/22; the review of accounting policies being undertaken by officers particularly in light of the council's new waste subsidiary; changes to the Annual Financial Report published on the council's website to comply with new accessibility legislation; assessment of the appropriate levels of materiality for disclosures in the council's financial statements including materiality based on political sensitivity rather than value alone; critical judgements made by officers in applying the council's accounting policies and major sources of estimation uncertainty in the preparation of the accounts and how officers will support members in making their judgement on the "true and fair" representation of the council's financial position.

Members asked questions and made comments on IFRS16 and the potential issues, impact, risks and costs of the change to the reporting standard; the review by the committee of the council's accounting policies; the timescale for the workshop and briefing on the draft accounts for 2020/21; quantification of risk management as noted in the officers' report; peppercorn rents and the measurement of financial instruments.

Resolved: that the committee **notes:**

- a) the developments in the CIPFA Code of Practice for Local Government Accounts, including:
 - i. that there are limited changes to the Code for the 2020/21
 - ii. that CIPFA has consulted on improving the clarity and focus of future local government accounts, and that changes to the format of the accounts are likely to be included in the 2021/22 Code of Practice, and
 - iii. that significant work continues to be required to quantify the impact of the implementation of 'IFRS16 – Leases' in 2020/21 for implementation in the 2020/21 accounts
- b) that officers are proposing no significant changes to existing accounting policies in 2020/21
- c) that the Council's financial report document is being updated to a new template to comply with accessibility legislation
- d) the requirement for the Council's accounts to provide a 'true and fair' view of the Council's financial position and transactions, the concept of materiality, the initial assessment of materiality limits applied by officers in drawing up the accounts; and disclosures which, although not material due to their value, are considered material due to their nature
- e) officers' initial assessment of the critical judgements made in applying the Council's accounting policies, and the major sources of estimation uncertainty identified in the preparation of the 2020/21 accounts.

AUD 6 Internal Audit Update

A representative of Audit West presented the Internal Audit and Assurance Annual Report for 2020/21 to members. He noted the report included a summary of the audit performance and key issues and a formal opinion on the internal control framework.

In presenting his report, the representative drew members attention to the section on Internal Audit Performance noting that the plan was prepared prior to the impact of Covid19 and had been impacted by a number of other factors including

long term sickness and remote working. He noted statistics and provided commentary on the audit plan completed; audits completed within planned time; customer satisfaction; the implementation of recommendations; the assurance level provided; whistleblowing cases in the current financial year; investigations undertaken and new, unplanned work. He informed members that partnership working by Audit West across other organisations permitted a broader approach to audit reviews and allowed a strategic approach to work programming thus making the internal audit process more efficient. He noted that the formal opinion of the Chief Audit Executive on the council's internal control framework and systems to control risk was that they were reasonable.

Members asked questions and commented on the limitation of risk coverage; clarification of organisational risks; the performance dashboard and customer satisfaction; the number, nature and any common themes of the audit recommendations; how the audit opinion on the control framework can be improved from "satisfactory"; benchmarking; whether Covid grants would remain an area of focus; recommendations from investigations and whether there were higher levels than "reasonable" in respect of the internal audit opinion.

The representative from Audit West agreed to look at how the measure of customer satisfaction could be improved upon and to give more detailed information on internal audit recommendations and their implementation. He undertook to do this in an informal briefing with members.

Resolved: The Audit Committee **notes** the Internal Audit Annual Report 2020-21 and the opinion on the Internal Control environment.

The representative from Audit West presented a report on the Audit and Assurance Plan 2021/22 noting the steps involved in formulating the plan included consultation with key stakeholders of which this committee was one. In presenting the report, the representative explained that the plan formed the principal work for internal audit for the coming year and that given it had been constructed during a lockdown, it would be kept under review throughout the year. He added that any significant changes proposed would be brought back to the committee for agreement and that a contingency resource had been built into the plan in the event of any significant changes being required after a half year review.

Members asked questions and made comments on the graphics used to present the "Scope of Services" and the "Results of our Reasonable Assurance Model Risk Assessment"; whether the areas for review had indicative end dates as well as commencement dates and the procedure in the event that there was disagreement with a directorate on the areas of audit.

The representative from Audit West undertook to discuss the scope of the areas for review in more detail with members during an informal briefing.

Resolved: that the committee **approves** the Audit and Assurance Plan for 2021/22.

Chairman

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North Somerset Council

Report to the Audit Committee

Date of Meeting: 20 September 2021

Subject of Report: Constitution review

Town or Parish: None

Officer/Member Presenting: Assistant Director Legal & Governance and Monitoring Officer

Key Decision: N/A

Reason:

Not an Executive Decision.

Recommendation

1. That Audit Committee note the update of the Constitution to reflect the amended terms of reference for the Audit Committee approved previously by the Committee and Council as shown in tracked changes in the Appendix to this report
2. That Audit Committee consider the suggested changes to the Constitution to reflect the decision of Council in July 2021 regarding the size of Planning & Regulatory Committee and public participation arrangements for that committee when considering planning applications, and to approve the suggested changes or agree alternate wording in order that the Monitoring Officer implements the changes as agreed by Council.
3. That Audit Committee note the requested changes from officers to parts of Financial Regulations and Contract Standing Orders within the Constitution, and consider those requests as part of the working group review suggested in paragraph 3.4 below with a view to any recommended changes being brought back to this committee for approval in time for recommendation to Council at the next Annual Meeting.
4. That Audit Committee consider the process for further review of the Constitution.

1. Summary of Report

The report sets out changes to the Constitution necessary to reflect previous decisions of Council relating to recommendations 1 and 2. The report sets out some changes to Financial Regulations and Contract Standing Orders which have been requested by officers and seeks Audit Committee's view as to acceptability or otherwise. The report also suggests a process for further review of the Constitution by Audit Committee in line with item 3k of its terms of reference.

2. Policy

The Constitution – Article 13 – provides that the Monitoring Officer will review the operation of the Constitution and make recommendations for ways in which it could be amended.

The Audit Committee terms of reference contain the following:

- 3k) To monitor the operation of the Council's Constitution and keep its terms under review, including all procedure rules
- 3l) To consider and make recommendations on any proposals to make changes to the Constitution prior to its consideration by the Council

3. Details

3.1 Members of Audit Committee will be aware that a review of its terms of reference was previously undertaken based on a model produced by CIPFA. The recommendation of Audit Committee was agreed by Council but has yet to be captured in the published Constitution. The agreed amendments are shown in tracked changes in the Appendix to this report and appear at Article 8 starting on page 24. No further authority is required to implement these changes and the Monitoring Officer will arrange for the published Constitution to be updated.

3.2 Members will also be aware that at its meeting on 19 July 2021 Council agreed the recommendations of the Local Government Association Planning Advisory Service Planning Peer Review. Two of those recommendations i.e. setting the membership of the Planning & Regulatory Committee at thirteen and providing for public participation at that committee when dealing with planning applications to be at the start of relevant agenda items require that the Constitution is updated. Council authorised the Monitoring Officer to implement those changes. The proposed changes are shown in tracked changes in the Appendix at Part 3 – 1 Planning and Regulatory Committee page 43 where the membership is set out, and in Standing Order 17A on pages 86 and 87.

3.3 Following comments from colleagues received by the Monitoring Officer relating to perceived impediments to efficient decision making arising from requirements contained in the Financial Regulations and Contract Standing Orders all directorates were invited to submit items and suggested changes. The following were received:

- Financial regulations allows heads of service to authorise some transactions up to £250k whereas Contract Standing Orders have no delegations below director. It is requested that consideration be given to having tiers of delegations in Contract Standing Orders to head of service, assistant director, and directors.
- There are various requirements for funding bids to external bodies to have prior approval and given short timescales often imposed for submission of such bids this gives rise to operational difficulties in meeting timescales. It is requested that these requirements are reviewed particularly for bids not requiring match funding by the council
- Approval for use of exceptions to contract standing orders to be authorised below director level – this would link with bullet one above as use of exceptions currently rests with the decision maker on the contract award
- review the award process and authorisation level for one off domiciliary care packages
- review the process for grant approvals and inclusion of commissioner market knowledge in exemptions to contract standing orders
- review ways of acquiring approvals by Executive and Full Council outside of actual meetings
- review rules around process for use of open frameworks

- explore digital solutions for documenting and tracking decisions

3.4 The Constitution and the Audit Committee's terms of reference provide that the Monitoring Officer and the committee monitor and review the operation of the Constitution and consider any changes for recommendation to Council. Given the size and scope of the Constitution it is suggested that this process is undertaken in a number of working group sessions focussing on the first five parts of the Constitution namely:

PART 1 – Summary and explanation

PART 2 – Articles of the constitution

PART 3 – Responsibility for functions

PART 4 – Rules of Procedure

PART 5 – Codes and protocols

4. Consultation

None

5. Financial Implications

None

6. Legal Powers and Implications

None

7. Climate Change and Environmental Implications

None.

8. Risk Management

None

9. Equality Implications

N/A. The processes would not disproportionately affect protected characteristic groups.

10. Corporate Implications

None

11. Options Considered

Not to implement changes.

Author:

Nicholas Brain

Assistant Director Legal & Governance and Monitoring Officer

Appendices:

Marked up version of Constitution

Background Papers:

None.

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APPENDIX



CONSTITUTION 2021

NICHOLAS BRAIN Assistant Director Legal & Governance

April 2021

**NORTH SOMERSET DISTRICT COUNCIL
CONSTITUTION
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NORTH SOMERSET COUNCIL CONSTITUTION

PART 1 - SUMMARY AND EXPLANATION

1. The Council's Constitution

The North Somerset Council has agreed a new constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose.

The Constitution is divided into 14 Articles which set out the basic rules governing the Council's business. More detailed procedures and codes of practice are set out in the separate rules and protocols in Part 4 of this document.

What's in the Constitution

Article 1 of the Constitution commits the Council to working with the community to provide services that benefit the community.

Articles 2-14 explain the rights of citizens and how the key parts of the Council operate. These are:

- 1.1 Members of the Council (Article 2)
- 1.2 Citizens and the Council (Article 3)
- 1.3 The Council meeting (Article 4)
- 1.4 Chairing the Council (Article 5)
- 1.5 Policy and Scrutiny Panel decisions (Article 6)
- 1.6 The Executive (Article 7)
- 1.7 Regulatory and other Committees (Article 8)
- 1.8 The Standards Sub-Committee (Article 8)
- 1.9 Joint Arrangements (Article 9)
- 1.10 Officers (Article 10)

- 1.11 Decision making (Article 11)
- 1.12 Finance, contracts and legal matters (Article 12)
- 1.13 Review and revision of the Constitution (Article 13)
- 1.14 Suspension, interpretation and publication of the Constitution (Article 14)

2. How the Council operates

The Council is composed of 50 Councillors elected every four years. Councillors are democratically accountable to residents of their ward. The overriding duty of Councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

Councillors have to agree to follow a code of conduct (see Part 5) to ensure high standards in the way they undertake their duties. The Standards Sub-Committee (see Part 3) is responsible for training and advising them on the code of conduct.

All Councillors meet together as the Council. Meetings of the Council are normally open to the public. Here Councillors decide the Council's overall policies and set the budget each year. The Council appoints the Leader of the Council who is the Chairman of the Executive. The Leader of the Council appoints other Councillors to make up the Executive. The Council also appoints the Chairman of each of the Policy and Scrutiny Panels that are appointed to hold the Executive to account. There is public participation at Council meetings and question time where Members can ask questions of Members of the Executive.

3. How decisions are made

The Executive is the part of the Council, which is responsible for most day-to-day decisions. The Executive is made up of the Leader of the Council, the Deputy Leader and up to eight other Councillors appointed by the Leader. When major decisions are to be made or discussed, these are published in the Executives' forward plan in so far as it can be anticipated. If these major decisions are to be discussed with Council officers at a meeting of the Executive, this will generally be open for the public to attend except where personal or confidential matters are being discussed. The Executive has to make decisions, which are in line with the Council's overall policies and budget. If it wishes to make a decision, which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

4. Overview and Scrutiny (Policy and Scrutiny Panels)

There are Policy and Scrutiny Panels that support the work of the Executive and the Council as a whole. They allow citizens to have a greater say in Council matters of local concern. These lead to reports and recommendations which advise the Executive and the Council as a whole on its policies, budget and service delivery. Policy and Scrutiny Panels also monitor the decisions of the Executive. They can 'call-in' a decision, which has been made by the Executive but not yet implemented. This enables them to consider whether the decision is appropriate. They may recommend that the Executive reconsider the decision. They may also be consulted by the Executive or the Council on the forthcoming decisions and the development of policy.

5. The Council's Staff

The Council has people working for it (called officers) to give advice, implement decisions and manage day-to-day delivery of its services. Some officers have a specific duty to ensure that the Council acts within the law and uses its resources wisely. A Code of Practice governs the relationship between officers and Members of the Council.

6. Citizens' Rights

Citizens have a number of rights in their dealings with the Council. These are set out in more detail in Article 3. Some of these are legal rights, whilst others depend on the Council's own processes. The local voluntary organisations can advise on an individual's legal rights.

Where Members of the public use specific Council services, for example as a parent of a school pupil or as a Council tenant, they have additional rights. These are not covered in the Constitution.

7. Citizens have the right to:

- 7.1 vote at local elections if they are registered
- 7.2 contact their local Councillor about any matters of concern to them
- 7.3 obtain a copy of the Constitution
- 7.4 attend meetings of the Council and its Committees except where, for example, personal or confidential matters are being discussed
- 7.5 petition to request a referendum on a mayoral form of executive

- 7.6 participate in the Council's public participation time and contribute to investigations by the Policy and Scrutiny Panels when requested
- 7.7 find out, from the Executive's forward plan, what major decisions are to be discussed by the Executive or decided by Executive and officers and when
- 7.8 attend meetings of the Executive where key decisions are being discussed or decided
- 7.9 see reports and background papers and any record of decisions made by the Council and the Executive
- 7.10 complain to the Council about the standard of its services or about the actions or lack of action by the Council or its staff
- 7.11 complain to the Ombudsman if they think the Council has not followed its procedures properly; however, they should only do so after using the Council's own complaints process
- 7.12 complain to the Standards Sub-Committee if they have evidence which they think shows that a Councillor has not followed the Council's Code of Conduct
- 7.13 inspect the Council's accounts and make their views known to the external auditor

The Council welcomes participation by its citizens in its work. For further information, please telephone 01934 888888

PART 2 - ARTICLES OF THE CONSTITUTION

ARTICLE 1 - THE CONSTITUTION OF NORTH SOMERSET COUNCIL

1. Powers of the Council

The Council will exercise all its powers and duties in accordance with the law and this Constitution.

1.1 The Constitution

This Constitution is the Constitution of North Somerset Council.

1.2 Purpose of the Constitution

The purpose of the Constitution is to:

- 1.2.1 enable the Council to lead and promote the interests of the community in North Somerset in partnership with citizens, business, voluntary organisations and government agencies.
- 1.2.2 support and encourage the active involvement of citizens in the work of local government
- 1.2.3 provide a framework within which Members of the Council can represent their constituents effectively.
- 1.2.4 promote and encourage an efficient and effective decision-making process in North Somerset.
- 1.2.5 create a means by which the decision makers can be effectively challenged and held to account
- 1.2.6 provide a clear distinction between decision makers and the rest of the Council.
- 1.2.7 clearly identify the decision makers within the Council, and provide the framework within which they will justify their decisions.
- 1.2.8 promote and encourage the continuing improvement in quality of services to the community.

1.3 Interpretation and Review of the Constitution

Where the Constitution permits the Council to choose between different courses of action, the Council will always choose that option which it thinks is closest to the purposes stated above.

The Council will monitor and evaluate the operation of the Constitution as set out in Article 13.

ARTICLE 2 - MEMBERS OF THE COUNCIL

2. Composition and Eligibility

The Council will comprise 50 Members (otherwise called Councillors). All Councillors will be elected by voters of each ward in accordance with a scheme drawn up by the Local Government Commission and approved by the Secretary of State.

Only registered voters of the North Somerset area or those living or working there will be eligible to hold the office of Councillor.

2.1 Election and terms of Councillors

The regular election of Councillors will be held on the first Thursday in May every four years beginning in 2003. The terms of office of Councillors will start on the fourth day after being elected and will finish the fourth day after the date of the next regular election.

2.2 Roles and functions of all Councillors

- 2.2.1 Collectively to be the ultimate policy-makers and carry out a number of strategic and corporate management functions
- 2.2.2 contribute to the good governance of the area and actively encourage community participation and citizen involvement in decision making
- 2.2.3 effectively represent the interests of their ward and of individual constituents and make calls for action or present petitions on matters of concern to their ward or elsewhere.
- 2.2.4 respond to constituents' enquiries and representations, fairly and impartially
- 2.2.5 participate in the governance and management of the Council
- 2.2.6 maintain the highest standards of conduct and ethics

Councillors will have such rights of access to such documents, information, land and buildings of the Council as are necessary for the proper discharge of their functions in accordance with the law.

Councillors will not make public information which is confidential or exempt without the consent of the Council or divulge information given in confidence to anyone other than a Councillor or officer entitled to know it.

For these purposes, "confidential" and "exempt" information are defined in the Access to Information Rules in Part 4 of this Constitution

2.3 **Conduct**

Councillors will at all times observe the Members' Code of Conduct and the Protocol on Member/Officer Relations set out in Part 5 of this Constitution

2.4 **Allowances**

Councillors will be entitled to receive allowances in accordance with the Members' Allowances Scheme set out in Part 6 of this Constitution

ARTICLE 3 - CITIZENS AND THE COUNCIL

3. Citizens' rights

Citizens have the following rights. Their rights to information and to participate are explained in more detail in the Access to Information Rules and the Council's Standing Orders in Part 4 of this Constitution

Citizens on the electoral roll for the area have the right to vote and to sign a petition to request a referendum for an elected mayor form of Constitution.

3.1 Citizens also have the right to:

- 3.1.1 attend meetings of the Council and its Committees except where confidential or exempt information is likely to be disclosed, and the meeting is therefore held in private
- 3.1.2 attend meetings of the Executive when key decisions are being considered
- 3.1.3 find out from the forward plan what key decisions will be taken by the Executive and when
- 3.1.4 see reports and background papers, and any records of decisions made by the Council and the Executive
- 3.1.5 inspect the Council's accounts and make their views known to the external auditor
- 3.1.6 Residents and Taxpayers are encouraged to participate in the Council's Public Participation Time and the Council respects the freedom of speech enshrined in the Human Rights Act, but participation will only be permitted where the individual conducts themselves appropriately and in particular is not abusive or offensive about others or appears to be targeting individuals
- 3.1.7 to participate in investigations by Policy and Scrutiny Panels such participation to be determined by the Panel.

Citizens, normally, have the right to complain to:

- 3.1.8 the Council itself under its complaints scheme
- 3.1.9 the Ombudsman after using the Council's own complaints scheme
- 3.1.10 the Standards Sub-Committee about a breach of the Councillor's Code of Conduct

3.2 **Citizens' responsibilities**

Citizens must not be violent, abusive or threatening to councillors or officers and must not wilfully harm things owned by the council, councillors or officers and citizens displaying such behaviour will be removed from council premises.

ARTICLE 4 - THE FULL COUNCIL

4. Meanings

The Policy Framework means the following plans and strategies;

- Annual library plan
- Crime and disorder reduction strategy
- Development plan documents
- Licensing authority policy statement
- Local transport plan
- Plans and alterations which together comprise the Development Plan
- Sustainable community strategy
- Youth justice plan

The Budget includes the allocation of financial resources to different services and projects, proposed contingency funds, the Council tax base, setting the Council tax and decisions relating to the control of the Council's borrowing requirement, the control of its capital expenditure and the setting of the virement limit.

Housing Land Transfer means the approval or adoption of applications (whether in draft form or not) to the Secretary of State for approval of a programme of disposal of 500 or more properties to a person under the Leasehold Reform, Housing and Urban Development Act 1993 or to dispose of land for residential purposes where approval is required under sections 32 or 43 of the Housing Act 1985.

4.1 Functions of the full Council

Only the Council will exercise the following functions:

- 4.1.1 adopting and changing the Constitution
- 4.1.2 approving or adopting the policy framework, the budget and any applications to the Secretary of State in respect of any housing land transfer
- 4.1.3 Subject to the urgency procedure contained in the Access to Information Procedure Rules contained in Part 4 of this Constitution, making

decisions about any matter in the discharge of an Executive function which is covered by the Policy framework or the Budget where the decision maker is minded to make it in a manner which would be contrary to the Policy Framework or contrary to/ not wholly within the Budget

- 4.1.4 appointing the Leader of the Council
- 4.1.5 appointing the Chairman and Vice Chairman of the Council
- 4.1.6 agreeing and/or amending the term of reference for Committees, deciding on their composition and appointing the Chairman of them
- 4.1.7 appointing representatives to outside bodies unless the appointment is an Executive function or has been delegated by the Council
- 4.1.8 adopting an allowance scheme under Article 2.05
- 4.1.9 changing the name of the area, conferring the title of honorary alderman
- 4.1.10 confirming the appointment of the Head of Paid Service
- 4.1.11 making, amending, revoking, re-enacting, or adopting bylaws and promoting or opposing the making of local legislation or personal Bills
- 4.1.12 all local choice functions set out in Part 3 of the Constitution which the Council decides should be undertaken by itself rather than the Executive
- 4.1.13 all matters which by law must be reserved to Council

4.2 **Council Meetings**

There are three types of Council meeting:

- the annual meeting
- ordinary meetings
- extraordinary meetings

and they will be conducted in accordance with the Council Procedure Rules in Part 4 of this Constitution

4.3 **Responsibility for functions**

The Council will maintain the tables in Part 3 of this Constitution setting out the responsibilities for the Council's functions which are not the responsibility of the Executive.

ARTICLE 5 - CHAIRING THE COUNCIL

5. Role and function of the Chairman

- 5.1 The Chairman will be elected by the Council annually. The Chairman will have the following responsibilities:
- 5.1.1 to uphold and promote the purposes of the Constitution, and to interpret the Constitution when necessary
 - 5.1.2 to preside over meetings of the Council so that its business can be carried out efficiently and with regard to the rights of the Councillors and the interests of the community
 - 5.1.3 to ensure that the Council meeting is a forum for the debate of matters of concern to the local community and the place at which Members who are not on the Executive or hold Committee chairs are able to hold the Executive and Committee Chairman to account
 - 5.1.4 to promote public involvement in the Council's activities
 - 5.1.5 to conduct themselves with dignity and be the conscience of the Council
 - 5.1.6 to attend such civic and ceremonial functions as the Council and he/she determine appropriate
 - 5.1.7 to resolve disputes in accordance with the agreed protocol(s)

ARTICLE 6 - POLICY AND SCRUTINY PANELS

6. Terms of reference

The Council will appoint the following Policy and Scrutiny Panels to discharge the functions conferred by section 21 of the Local Government Act 2000 or regulations under section 32 of the Local Government Act 2000 in relation to the matters set out for each Panel.

Partnerships, Corporate Organisation and Overview/Management Policy & Scrutiny Panel –

External Partnerships

Crime and Disorder (in accordance with the requirements of the Police and Justice Act 2006)

Corporate organisation including:

- Human Resources and organisation development
 - support services (internal and supplier provided)
 - strategic communications and community engagement
 - strategic financial planning
 - organisational performance management
- Strategic approach to procurement and contract management including capital projects
- Council owned/controlled companies and organisations
- Local and regional governance
- Climate Emergency
- Overview of policy & scrutiny function workloads and resourcing (to include management of workplans for all policy and scrutiny panels and working groups)
- Corporate service finance and performance

Children and Young People Services Policy & Scrutiny Panel –

Schools including Academies
Central Education Support
Early Years
Youth Service
Children's Services
Further & higher education liaison
Children's directorate finance and performance

Adult Services and Housing Policy & Scrutiny Panel –

Social Care for Adults
Housing Services
Adult services and housing finance and performance

Health Overview Policy & Scrutiny Panel –

National Health Service Scrutiny
Wider Health Issues apart from NHS – health promotion, addressing health inequalities, impact of local and national initiatives (drugs and alcohol, hospitals, mental health, primary care etc.)
Public Health issues for both adults and children
Regulatory services
Emergency planning
Public health directorate finance and performance

Place Policy & Scrutiny Panel

Regeneration – places and communities
Town and Country Planning
Highways planning and maintenance (including monitoring of highway related contractor services) and Transport (including public and home to school transport)
Parking strategy and car parks
Recreational Services
Tourism and Economic Development
Waste services
Environmental protection – flooding and marine environment
Heritage
Community Safety

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Place directorate finance and performance

6.1 General role

Within their terms of reference, Policy and Scrutiny Panels will:

- 6.1.1 review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions
- 6.1.2 make reports and/or recommendations to the full Council and/or the Executive and/or any joint or area Committee in connection with the Council's policy
- 6.1.3 consider Councillor Calls for Action, Petitions or any other matter affecting the area or its inhabitants
- 6.1.4 exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the Executive

6.2 Specific functions

The functions of Policy and Scrutiny Panels are to cover:-

A. Policy and Development

- 6.2.1 assist the Council and the Executive (at their request) in the development of its Budget and Policy framework by in depth analysis of policy issues
- 6.2.2 conduct research, community and other consultation in the analysis of policy issues and possible options requested by the Executive or Council
- 6.2.3 consider and implement mechanisms to encourage and enhance community participation in the development of policy options
- 6.2.4 question Members of the Executive and/or Committees and chief officers about their views on issues and proposals affecting the area
- 6.2.5 liaise with other external organisations operating in the area, whether national, regional, or local to ensure that the interests of local people are enhanced by collaborative working

B Scrutiny

- 6.2.6 review and scrutinise the decisions made by and performance of the Executive and Council officers both in relation to individual decisions and

over time

- 6.2.7 review and scrutinise the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas but this is not an area whereby individual decisions of the Planning and Regulatory Committee and associated committees can be reviewed. The scrutiny process is not an appeal mechanism in relation to these functions with regard to individual decisions
- 6.2.8 question Members of the Executive and/or Committees and chief officers about their decisions and performance, whether generally in comparison with service plans and targets over a period of time, or in relation to particular decisions, initiatives or projects
- 6.2.9 make recommendations to the Executive and/or appropriate Committee and/or Council arising from the outcome of the scrutiny process
- 6.2.10 review and scrutinise performance of other public bodies in the area and initiate reports from them by requesting them to address the Policy and Scrutiny Panel and local people about their activities and performance
- 6.2.11 question and gather evidence from any person (with their consent)

C Finance

Policy and Scrutiny Panels may exercise overall responsibility for the finances made available to them and will have regard to the performance of the Council, reporting to the Executive on matters which they believe should be addressed. The Policy and Scrutiny Panel will also consider at the request of the Executive specific items concerning Best Value

D Annual Report

Policy and Scrutiny Panels must report at least annually to full Council on their workings and make recommendations for future work programmes and amended working methods if appropriate

E Officers

Policy and Scrutiny Panels may exercise overall responsibility for the work programme of the officers employed to support their work

6.3 Proceedings of Policy and Scrutiny Panels

Policy and Scrutiny Panels will conduct their proceedings in accordance with the Policy and Scrutiny Panel Procedure Rules and Policy and Scrutiny Panel Standing Orders set out in Part 4 of this Constitution

ARTICLE 7 - THE EXECUTIVE

7. Role

The Executive will carry out all of the Local Authority's functions, which are not the responsibility of any other part of the Local Authority, whether by law, or under this Constitution.

7.1 Form and Composition

The Executive will consist of up to ten Members including the Leader (elected by the Council) and Deputy Leader. The remaining Members at the Executive will be appointed to the Executive by the Leader in consultation with the Deputy Leader: The Leader (or in the Leader's absence the Deputy Leader) will chair Executive Meetings.

7.2 Leader

The Leader of the Council will be a Councillor elected to the position by the Council for a four-year period until the following annual post-election meeting, and will hold office until:

- 7.2.1 he/she resigns from office or
- 7.2.2 he/she is no longer a Councillor or
- 7.2.3 he/she is removed from office by resolution of the Council; or
- 7.2.4 on expiry of their term of office

7.3 Other Executive Members

Other Executive Members shall hold office until:

- 7.3.1 they resign from office or
- 7.3.2 they are suspended from being a Councillor under Part III of the Local Government Act 2000 (although they may resume office at the end of the period of suspension) or

7.4 Proceedings of the Executive

Proceedings of the Executive shall take place in accordance with the Executive Procedure Rules set out in Part 4 of this Constitution.

7.5 Responsibility for functions

The Leader will maintain a list setting out which individual Members of the Executive, Committees of the Executive, officers or joint arrangements are responsible for the exercise of particular Executive functions.

ARTICLE 8 - REGULATORY AND OTHER COMMITTEES

8. Regulatory and other Committees

The Council will appoint the Committees set out in the Responsibility for Council Functions in Part 3 of this Constitution to discharge the functions described.

8.1 Planning and Regulatory Committee

Planning and conservation - Functions relating to town and country planning and development control as specified in Schedule 1 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended (the Function Regulations)

Commons registration - The registration of Common land or town or village greens and to register the variation of rights of common as set out in Schedule 1 to the Function Regulations

Highways' use and regulation - The exercise of powers relating to the regulation of the use of highways as set out in Schedule 1 to the Function Regulations.

Health and Safety - Functions relating to health and safety under any relevant statutory provision within the meaning of Part 1 of the Health and Safety at Work Act 1974, to the extent that those functions are discharged otherwise than in the Council's capacity as employer.

8.2 Planning and Regulatory Public Rights of Way Sub-Committee

The Planning and Regulatory Committee will appoint a Public Rights of Way Sub-Committee comprising of 5 Members. The Public Rights of Way Sub-Committee will have delegated to it the determination of Definitive Map Modification Orders and Public Path Orders.

8.3 Standards Sub Committee

The Planning and Regulatory Committee will establish a Standards Sub Committee.

Composition

- a) The Standards Sub Committee will be composed of:
- three Councillors (who are Members of the parent Committee)

- one person who is not a Councillor or an officer of the Council (an Independent Member);
 - when a complaint concerns a parish or town councillor the sub-committee will also include up to two Members of Parish/Town Councils wholly or mainly in the Council's area (a Parish Member) to be taken from a pool of co-opted parish Councillors from the Parish and Town Councils that comprise North Somerset.
- b) Neither the Independent Person or the Parish Member have voting rights at any meeting of the Sub Committee.
- c) Up to two Parish Members must be present when matters relating to Parish Councils or their Members are being considered.
- d) Neither the Independent Person or any Town or Parish Council may chair the Committee.

Role and function

The Standards Sub-Committee will have the following roles and functions:

- a) promoting and maintaining high standards of conduct by the Councillors, co-opted Members and church and parent governor representatives;
- b) advising the Council on the adoption or revision of the Members' Code of Conduct;
- c) advising, training or arranging to train Councillors, co-opted Members, church and parent governor representatives on matters relating to the Members' Code of Conduct;
- d) granting dispensations to Councillors, co-opted Members, church and parent governor representatives from requirements relating to interests set out in the Members' Code of Conduct;
- e) dealing with any complaint about conduct of a councillor or a town or parish councillor where the complaint alleges a breach of the Council's Code of Conduct in accordance with the Council's adopted Code of Conduct Complaints procedure.

Additional roles

- i) determine an appeal by Councillors regarding certain rulings made by the Chief Executive in relation to the Member/Officer Protocol

- ii) Consideration of cases where a Councillor has not been supplied with information requested by them and where that decision has been ratified by the Chief Executive

8.4 Licensing Committee

The Licensing Committee will consider matters relating to the Licensing Act 2003 and the Gambling Act 2005 as set out in Schedule 1 to the Functions regulations and other matters relating to that function. Taxi, gaming, food and miscellaneous licensing - Functions relating to licensing and registration as set out in Schedule 1 to the Functions Regulations.

8.5 Licensing Sub Committee

The Licensing Sub Committee shall consider all matters delegated to it by the Licensing Committee to determine. It will determine applications made under the Licensing Act 2003 and the Gambling Act 2005 where a Hearing is required.

8.6 Employment Committee

Appointment of Senior Officers - To interview candidates to make appointments to the following posts

- a) the Head of Paid Service subject to approval by the Council and
- b) Directors and s151 finance officer and monitoring officer.

Discipline and grievance – In the event of the Employment Sub-Committees not exercising any of their delegated decision making as detailed below to consider and determine appeals against dismissal, bullying and harassment and grievance and to deal with the discipline or termination of Head of Paid Service and any Director or Assistant Director and those officers that fall within the definition of “Deputy Chief Officer” in the Local Government and Housing Act 1989.

Redundancy – to consider proposals for Redundancies and Early Retirements (posts graded JM8 and above or equivalent).

Pay Scales and Honoraria – to consider and approve pay scales, honoraria and acting up payments in accordance with Council Policy and approved employment delegation criteria Financial Regulations.

8.6a Employment Sub-Committees

The Employment Sub-Committees shall consider all matters delegated to them by the Employment Committee to determine, as follows:

Appeals Sub-Committee

To deal with consider and determine appeals against discipline, dismissal, bullying and harassment and grievance.

Grievance Sub-Committee

To deal with consider and determine grievances concerning Head of Paid Service and any Director or Assistant Director and those officers that fall within the definition of "Deputy Chief Officer" in the Local Government and Housing Act 1989.

Staffing Sub-Committee

To deal with consider and determine the discipline or dismissal of Head of Paid Service and any Director or Assistant Director and those officers that fall within the definition of "Deputy Chief Officer" in the Local Government and Housing Act 1989.

[Note The Officer Employment Procedure Rules contained in Part 4 of the Constitution must be followed at all times including the specific requirements regarding approval by Council of the appointment of Head of Paid Service and dismissal of Head of Paid Service, Monitoring Officer and Chief Finance / s151 Officer]

8.7 Audit Committee

The Council will establish an independent Audit Committee with functions as set out below and to report directly to the Council and comprise five elected Members (Political Balance to apply) and two independent persons to be recruited by advertisement.

1. Governance

a) The Audit Committee receives its authority and purpose direct from full Council and is independent of the Executive, Scrutiny, and other strategic groups and functions.

b) The Audit Committee is a key component of the council's corporate governance arrangements, and as such has the right of free and unfettered access, via the council's statutory officers (chief executive, s151 officer and monitoring officer) to officers, members, other committees and functions including scrutiny committees, corporate risk management boards, and other groups as requested.

c) The Audit Committee shall comprise five (5) members (political balance to apply), and lay members as appointed and recruited by advertisement.

d) The quorum shall be three (3) members.

e) Includes to its meetings, as regular attendees, the CFO(s), the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer and the head of resources. These officers should also be able to access the committee, or the chair, as required.

f) Has the right to call any other officers or agencies of the authority as required via the Head of Internal Audit, or statutory officers.

g) Should assess the development needs of its committee members and provide appropriate briefings and training.

- h) May recommend to council to co-opt independent members to bring additional knowledge and expertise to the committee, or to reinforce neutrality or maintain continuity.
- i) Meets formally at least 4 times a year, and to review the workplan informally at least 4 times a year between the formal meetings.
- j) Meets privately and separately with the External Auditor and the Internal Audit Manager
- k) Reports regularly on its work to those charged with governance, and at least annually provides an assessment of its performance including updates on key deliverables, successes and concerns. An annual public report should demonstrate how the committee has discharged its responsibilities.
- l) Report key risk management, internal control or governance issues to the Executive or Council

2. Statement of Purpose

- a) To provide an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial management.
- b) To provide independent assurance to full Council and those charged with governance of the adequacy of the risk management framework and the internal control environment.
- c) To ensure the integrity of the financial reporting, treasury management and supporting governance processes including the work of internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- d) To consider and make recommendations on any other matters relating to corporate governance which are properly referred to the Committee inter alia, by the CLT, North Somerset Council Executive, Committees and Panels or which otherwise come to its attention.
- e) To prepare an annual report to council on the work of the Committee, including any measures necessary to improve the effectiveness of the Committee.
- f) To promote the value of the audit process.
- g) To keep abreast of audit developments and practice within Local Government as a whole.
- h) To ensure that environmental impact is included as an integral part of council processes and reports.
- i) To have a clear policy on those items to be considered in private and those to be considered in public.
- j) To commission work, via the head of audit, from internal and external audit.

3. Corporate Governance, Risk Management and Internal Control

- a) To consider the council's arrangements for corporate governance and compliance with its own and other published standards and controls and recommending and agreeing necessary actions to ensure compliance with best practice.
- b) To review the adequacy of the Council's Corporate Governance arrangements, including matters such as internal control and risk management, financial strategy and policy, systems and processes, information technology, security and assurance, business continuity, critical incident, emergency management, procurement, and third party/outsourced services.

- c) To review the Annual Governance Statement prior to approval and be satisfied that it properly reflects the risk environment and any supporting assurances, including those from significant partners.
- d) To ensure that each Directorate embraces Risk Management and Internal Control at all levels, and provides appropriate visibility, transparency, and accountability on risk management, internal control, and governance issues, and can demonstrate that actions taken in respect of those issues contribute to improved Directorate performance.
- e) To monitor the effective development and operation of risk management in the council, and monitor progress in addressing risk-related issues where they are reported to, or come to the attention of, the committee.
- f) To review the Risk Management Annual Report and make recommendations as appropriate.
- g) To regularly review the Corporate Risk Register and make recommendations as appropriate.
- h) To ensure that appropriate council policies on 'whistle blowing' and complaints are in place, review and monitor their operation, and recommend changes as necessary.
- i) To review and approve the Risk Management Strategy and receive an annual Plan and monitor actual delivery against the plan at every meeting.
- j) To review and approve the Internal Control Strategy and receive an annual Plan and monitor actual delivery against the plan at every meeting.
- k) To monitor the operation of the Council's Constitution and keep its terms under review, including all procedure rules
- l) To consider and make recommendations on any proposals to make changes to the Constitution prior to its consideration by the Council.
- m) To inform the work of the remuneration Panel in advance of them making submissions to the Council.
- n) To approve payments or other benefits in cases of maladministration as required and make recommendations arising from any review by the Local Governance Ombudsman.

4. Internal Audit and Fraud

- a) To ensure the independence and objectivity of the internal audit function
- b) To support the effectiveness of the internal audit process
- c) To promote the effective use of internal audit
- d) To monitor the effectiveness of the counter-fraud and anti-corruption strategy, actions and resources and recommend any necessary changes;
- e) To approve the internal audit charter;
- f) To review and approve the Audit Strategy and to recommend any necessary changes
- g) 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;
- h) To monitor the delivery of the Internal Audit Plan and effectiveness of Internal Audit
- i) To review significant interim changes to the risk-based internal audit plan and resource requirements;
- j) To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations;
- k) To consider reports from the head of internal audit on internal audit's performance during the year. These will include updates on the work of internal audit including key findings, issues of concern, and action in hand as a result of internal audit work;
- l) To consider the head of internal audit's annual report including conformance with professional standards, and their opinion on the risk and internal control environment,

the level of assurance it can give over the Council's corporate governance, and recommend any necessary changes;

m) To consider summaries of specific internal audit reports where significant weaknesses have been identified.

n) To monitor the implementation of agreed Internal and External audit recommendations using a progress report supplied by Internal Audit at every meeting and on demand ;

o) 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 or there are concerns about progress with the implementation of agreed actions;

p) To review the Fraud and Corruption Annual Report and make recommendations as appropriate;

q) To contribute to the external quality assessment of internal audit that takes place at least once every five years;

r) To provide free and unfettered access to the audit committee for the head of internal audit, including the opportunity for private meetings with the committee.

5. External Audit

a) To oversee the appointment process for the External Auditor whether through Public Sector Audit Appointments Ltd (PSAA) or the authority's own auditor panel as appropriate.

b) 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.

c) To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements following receipt of the External Auditor's assessment.

d) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

e) To consider specific reports as agreed with the external auditor including the External Audit Update Report and recommend any necessary changes.

f) To comment on the scope and depth of external audit work in the External Audit Plan, to monitor its delivery and effectiveness during the year and to ensure it gives value for money.

g) To monitor management action in response to issues raised by external audit.

h) To support effective relationships between external audit and internal audit and other relevant bodies.

6. Financial Control & Reporting

a) To review and approve the Council's annual statement of accounts; 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.

b) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

c) To review and scrutinise the Council's Treasury Management arrangements including its Treasury Management & Investment Strategy and to make recommendations as appropriate.

d) To review the Treasury Management Updates and Outturn and make recommendations as appropriate

e) To review and consider any changes to Accounting policies and procedures that impact on the Council's accounting arrangements.

f) To review and consider any changes to the Council's Financial Regulations and Contract Standing Orders prior to approval by Council

Risk management and Internal Control

8.7.1 — Assessing and providing guidance as appropriate on the effectiveness of the Council's overall governance regime for risk management and internal control, financial strategy and policy, systems and processes which will include anti-fraud and anti-corruption, information technology, security and assurance, business continuity, critical incident, emergency management, procurement and third party/outsourced services

8.7.2 — Regularly gaining assurances on the adequacy of the Council's key assurance statements including the annual Financial Statements, and annual Governance Statement on internal control, assessing the quality and timeliness of progress in identifying and implementing required improvements so that the level of residual risk is commensurate with the Council's risk appetite, and where appropriate satisfies legal compliance and regulatory requirements

8.7.3 — Ensuring that each Directorate provides appropriate visibility, transparency and accountability on risk management, internal control and governance issues and can demonstrate that actions taken in respect of those issues contribute to improved Directorate performance

8.7.4 — Ensure that each Directorate embraces Risk Management and Internal Control at all levels

Internal and External Audit

8.7.5 — Receiving and if necessary providing comment on the Annual Report from the Head of Internal Audit

8.7.6 — Approving (but not directing) Internal Audit and Risk Management Strategies and receive respective Annual Plans and monitor actual delivery against those plans at every meeting.

8.7.7 — Confirming through receipt of regular monitoring and review reports, that appropriate actions are delivered to address significant issues raised by Internal and External Audit, other review bodies and inspectorates to ensure the level of residual risk relating to those issues is commensurate with the Council's risk appetite and that the relevant operational systems and processes remain in a state of control

~~8.7.8 — Annually reviewing the effectiveness of the Internal Audit and Risk Management Service and confirm the adequacy of any third party risk management and internal audit services at every committee meeting.~~

~~8.7.9 — Receiving and reviewing reports from External Audit, other North Somerset Committees and Panels which may impact on the deliberations of the Audit Committee.~~

~~8.7.10 — Ensuring appropriate arrangements are in place for the communication and compliance monitoring of the Council's whistle-blowing policies.~~

~~Other responsibilities~~

~~8.7.11 — Review and advise on any ad hoc issues referred to it by the Council~~

~~8.7.12 — Report key risk management, internal control or governance issues to the Executive or Council~~

~~Reporting~~

~~8.7.13~~8.7.1 Provide an annual report to the Council on the Audit Committee's performance including updates on key deliverables, successes and concerns

ARTICLE 9 - JOINT ARRANGEMENTS

9. Arrangements to promote well being

The Executive, in order to promote the economic, social or environmental well-being of its area, may

- 9.1.1 enter into arrangements or agreements with any person or body
- 9.1.2 co-operate with or facilitate or co-ordinate the activities of, any person or body and
- 9.1.3 exercise on behalf of that person or body any functions of that person or body

9.2 Joint arrangements

- 9.2.1 The Council may establish joint arrangements with one or more local authorities and/ or their Executives to exercise functions in any of the participating authorities, or advise the Council. Such arrangements may involve the appointment of a joint Committee with these other local authorities.
- 9.2.2 The Executive may establish joint arrangements with one or more local authorities to exercise functions. Such arrangements may involve the appointment of joint Committees with these other Local Authorities.
- 9.2.3 Except as set out below, the Executive may only appoint Executive Members to a joint Committee and those Members need not reflect the political composition of the Local Authority as a whole.
- 9.2.4 The Executive may appoint Members to a joint Committee from outside the Executive in the following circumstances:
 - the joint Committee has functions for only part of the area of the Authority, and that area is smaller than two-fifths of the Authority by area or population in such cases, the Executive may appoint to the joint Committee any Councillor who is a Member for an electoral ward which is wholly or partly contained within the area.
- 9.2.5 Details of any joint arrangements including any delegations to joint Committees will be found in the Council's Scheme of Delegations in Part 3 of this Constitution.

9.3 Access to Information

- 9.3.1 The Access to Information Rules in Part 4 of this Constitution apply.

9.3.2 If all Members of a joint Committee are Members of the Executive in each of the participating authorities the Access to Information regime is the same as that applied to this Executive.

9.3.3 If the joint Committee contains Members who are not in the Executive of any participating authority then the Access to Information rules in Part VA of the Local Government Act 1972 will apply.

9.4 **Delegation to and from other local authorities**

9.4.1 The Council may delegate non-Executive functions to another Local Authority or, in certain circumstances, the Executive of another Local Authority.

9.4.2 The Executive may delegate Executive functions to another Local Authority or the Executive of another Local Authority in certain circumstances.

9.4.3 The decision whether or not to accept such a delegation from another Local Authority shall be reserved to the Council meeting.

9.5 **Contracting out**

The Executive may contract out to another body or organisation functions which may be exercised by an officer and which are Subject to an order under section 70 of the Deregulation and Contracting Out Act 1994, or under contracting arrangements where the contractor acts as the Council's agent under usual contracting out principles, provided there is no delegation of the Council's discretionary decision making.

ARTICLE 10 - OFFICERS

10. Management structure

10.1.1 The full Council may engage such staff as it considers necessary to carry out its functions.

10.1.2 The full Council will engage persons for the following posts, designated Chief Officers:

Post	Functions and areas of responsibility
Chief Executive	Overall responsibility for Services and Staff
Director of Corporate Services	Corporate services and finance
Director of Place	Planning and Environmental Services including Trading Standards and Highways, Economic Development, Tourism, Leisure Services, Libraries
Director of Public Health	Public health and regulatory services (including environmental services and trading standards)
Director of Children's Services	Children and Young People's Services including Education
Director of Adult Services	Adult services

10.1.3 The Council will designate the following posts as shown:

Post	Designation
Chief Executive	Head of Paid Service
Director of Corporate Services	Section 151 Officer

Assistant Director Legal & Governance Monitoring Officer

Such posts will have the functions described in Article 10.2 – 10.4 below.

The Head of Paid Service will determine and publicise a description of the overall departmental structure of the Council showing the management structure and deployment of officers. This is set out in Part 7 of this Constitution

10.2 Functions of the Head of Paid Service

The Head of Paid Service will keep the Council informed on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of the functions and the organisation of officers.

The Head of Paid Service may not be the Monitoring Officer but may hold the post of Section 151 Officer if a qualified accountant.

10.3 Functions of the Monitoring Officer

- 10.3.1 The Monitoring Officer will maintain an up-to-date version of the Constitution and will ensure that it is widely available for consultation by Members, staff and the public.
- 10.3.2 After consulting with the Head of Paid Service and Section 151 Officer, the Monitoring Officer will report to the full Council or to the Executive in relation to an Executive function if he or she considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.
- 10.3.3 The Monitoring Officer will contribute to the promotion and maintenance of high standards of conduct through provision of support to the Standards Sub-Committee.
- 10.3.4 The Monitoring Officer will receive and act on complaints to the Standards Sub-Committee concerning the conduct of councillors or of town or parish councillors, reports made by the ethical standards officers and the decisions of the case tribunals.
- 10.3.5 The Monitoring Officer will conduct investigations into matters referred by the Standards Sub-Committee and make reports or recommendations in respect of them to the Standards Sub-Committee.

- 10.3.6 The Monitoring Officer will ensure that Executive decisions, together with the reasons for those decisions and relevant officer reports and background papers are made publicly available as soon as possible.
- 10.3.7 The Monitoring Officer will advise whether decisions of the Executive are in accordance with the budget and policy framework.
- 10.3.8 The Monitoring Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Councillors.
- 10.3.9 The Monitoring Officer cannot be the Section 151 Officer or the Head of Paid Service.

10.4 **Functions of the Section 151 Officer**

- 10.4.1 After consulting with the Head of Paid Service and the Monitoring Officer, the Section 151 Officer will report to the full Council or to the Executive in relation to an Executive function and the Council's external auditor if he or she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully.
- 10.4.2 The Section 151 Officer will have responsibility for the administration of the financial affairs of the Council.
- 10.4.3 The Section 151 Officer will contribute to the corporate management of the Council, in particular through the provision of professional financial advice.
- 10.4.4 The Section 151 Officer will provide advice on the scope of powers and the authority to take decisions, maladministration, financial impropriety probity and policy framework issues to all Councillors and will support and advise Councillors and officers in their respective roles.
- 10.4.5 The Section 151 Officer will provide financial information to the media, Members of the public and the community.

10.5 **Duty to provide sufficient resources to the Monitoring Officer and Section 151 Officer**

The Council will provide the Monitoring Officer and Section 151 Officer with such officers and sufficient accommodation and other resources as are in their opinion sufficient to allow their duties to be performed.

10.6 **Conduct**

Officers will comply with the Officers' Code of Conduct and the Protocol on Officer/Member Relations set out in Part 5 of this Constitution.

10.7 **Employment**

The recruitment, selection and dismissal of officers will comply with the Officer Employment Rules set out in Part 4 of this Constitution.

ARTICLE 11 - DECISION MAKING

11. Responsibility for decision making

The Council will issue and keep up to date a record of what part of the Council or individual has responsibility for particular types of decisions or decisions relating to particular areas or functions. This record is set out in Part 3 of this Constitution.

11.1 Principles of decision making

All decisions of the Council will be made in accordance with the following principles and will always be recorded where it is legally required to do so:

- 11.1.1 Proportionality (the action must be proportionate to the desired outcome)
- 11.1.2 Due consultation and the taking of advice from professional officers
- 11.1.3 Respect for human rights
- 11.1.4 A presumption in favour of openness
- 11.1.5 Clarity of aims and desired outcomes and
- 11.1.6 Explaining what options have been considered and the reason for the decision
- 11.1.7 Decisions relating to the functions listed in Article 4.02 will be made by the full Council and not delegated
- 11.1.8 Key decisions are those taken by the Executive which are likely to:
 - 11.1.8.1 result in the Local Authority incurring expenditure which is or the making of savings which are significant having regard to the Local Authority's budget for the service or function to which the decision relates. In most cases this will mean savings or expenditure of £500,000 or over, or
 - 11.1.8.2 to be significant in terms of its effect on communities living or working in an area comprising two or more wards in the area of the Local Authority
- 11.1.9 A decision taker may only make a key decision in accordance with the requirements of the Executive Procedure Rules set out in Part 4 of this Constitution

11.2 Decision making by the full Council

Subject to Article 11.6 the Council meeting will follow Council Standing Orders and the Access to Information Procedure Rules set out in part 4 of this Constitution when considering any matter

11.3 Decision making by the Executive

Subject to Article 11.6, the Executive will follow the Executive Procedure Rules set out in Part 4 of this Constitution

11.4 Decision making by the Policy and Scrutiny Panels

Policy and Scrutiny Panels will follow the Policy and Scrutiny Panel Procedure rules set out in part 4 of this Constitution.

11.5 Decision making by other Committees and Sub Committees established by the Council

Subject to Article 11.6, other Council Committees and Sub Committees will follow those parts of the Council Procedure Rules set out in Part 4 of this Constitution as apply to them.

11.6 Decision making by Council bodies acting as tribunals

The Council, a Councillor or an officer acting as a tribunal or in a quasi-judicial manner or determining/considering (other than for the purposes of giving advice) the civil rights and obligations or the criminal responsibility of any person will follow a proper procedure which accords with the requirements of natural justice and the right to a fair trial contained in Article 6 of the European Convention on Human Rights.

ARTICLE 12 - FINANCE, CONTRACTS AND LEGAL MATTERS

12. Financial Management

The management of the Council's financial affairs will be conducted in accordance with the financial rules set out in Part 4 of this Constitution.

12.1 Contracts

Every contract made by the Council will comply with the Contracts Procedure Rules set out in Part 4 of this Constitution.

12.2 Legal Proceedings

The Assistant Director Legal and Governance is authorised to institute, defend or participate in any legal proceedings in any case where such a case is necessary to give effect to decisions of the Council or in any case where the Assistant Director Legal and Governance considers that such action is necessary to protect the Council's interests.

12.3 Authentication of documents

Where any document is necessary to any legal procedure or proceedings on behalf of the Council, it will be signed by the Assistant Director Legal and Governance or other person authorised by him/her unless any enactment authorises or requires, or the Council has given requisite authority to some other person.

Any contract with a value exceeding £1000 entered into on behalf of the Local Authority in the course of the discharge of an Executive function shall be made in writing. Such contracts must be signed by at least two officers of the authority or made under the common seal of the Council by at least one officer as provided by Contract Standing Orders.

12.4 Common Seal of the Council

The Common Seal of the Council will be kept in a safe place in the custody of the Assistant Director Legal and Governance. A decision of the Council, or any part of it, will be sufficient authority for sealing any document necessary to give effect to the decision. The Common Seal will be affixed to those documents, which in the opinion of the Assistant Director Legal and Governance should be sealed. The affixing of the Common Seal will be attested by the Assistant Director Legal and Governance or some other person authorised by him/her.

ARTICLE 13 - REVIEW AND REVISION OF THE CONSTITUTION

13. Duty to monitor and review constitution

The Monitoring Officer will monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect.

A key role for the Monitoring Officer is to be aware of the strengths and weaknesses of the Constitution adopted by the Council, and to make recommendations for ways in which it could be amended in order better to achieve the purposes set out in Article 1. In undertaking this task the Monitoring Officer may:

- 13.1.1 observe meetings of different parts of the Member and officer structure
- 13.1.2 undertake an audit trail of sample decisions
- 13.1.3 record and analyse issues raised with him/her by Members, officers, the public and other relevant stakeholders and
- 13.1.4 compare practices in the Authority with those in other comparable authorities or national examples of best practice

13.2 Changes to the Constitution

- 13.2.1 **Approval.** Changes to the Constitution will only be approved by the full Council after comments on the proposal by The Monitoring Officer have been made available to Council.

ARTICLE 14 - SUSPENSION, INTERPRETATION, AND PUBLICATION OF THE CONSTITUTION

14. Suspension of the Constitution

- 14.1 Limit to suspension. The Articles of this Constitution may not be suspended. The rules specified below may be suspended by the full Council to the extent permitted within those rules and the law.
- 14.2 Procedure to suspend. A motion to suspend any rules will not be moved without notice unless at least half of the whole number of Councillors are present. The extent and duration of suspension will be proportionate to the result to be achieved, taking into account the purposes of the Constitution set out in Article 1.
- 14.3 Rules capable of suspension. The following rules may be suspended in accordance with Article 14.

- 14.3.1 Standing Orders for Council and Committees and Sub-Committees
- 14.3.2 Contract Standing Orders
- 14.3.3 Executive Standing Orders
- 14.3.4 Policy and Scrutiny Panel Standing Orders

14.4 Interpretation

The ruling of the Chairman of Council as to the construction or application of this Constitution or as to any proceedings of the Council shall not be challenged at any meeting of the Council. Such interpretation shall have regard to the purposes of this Constitution contained in Article 1.

14.5 Publication

- 14.5.1 The Assistant Director Legal and Governance will make available a copy of this Constitution to each Member of the Authority upon delivery to him/her of that individual's Declaration of Acceptance of Office on the Member first being elected to office.
- 14.5.2 The Assistant Director Legal and Governance will ensure that copies are available for inspection at Council offices, libraries and other appropriate locations, and can be purchased by Members of the local press and the public on payment of a reasonable fee.
- 14.5.3 The Assistant Director Legal and Governance will ensure that the summary of the Constitution is made widely available within the area and is updated as necessary.

Schedule 1: Description of Executive Arrangements

The following parts of this Constitution constitute the Executive arrangements:

1. Article 6 (Policy and Scrutiny Panels) and the Policy and Scrutiny Panel Rules.
2. Article 7 (The Executive) and the Executive Procedure Rules.
3. Article 9 (Joint Arrangements) There are two Joint Arrangement Committees with other authorities, which includes Bristol City Council, South Gloucestershire and Bath and North-East Somerset Councils as set out in part 3 (6).
4. Article 11 (Decision making) and the Access to Information Procedure Rules
5. Part 3 (Responsibility for Functions)

PART 3

RESPONSIBILITY FOR FUNCTIONS

Responsibility for Council functions

The full Council will approve the Council's Budget and the following statutory plans:

the annual library plan;
the crime and disorder reduction strategy;
development plan documents;
licensing authority policy statement;
local transport plan;
plans and alterations which comprise the development plan;
the sustainable community strategy;
the youth justice plan

The Council also has responsibility for the following areas which it has delegated to the Planning and Regulatory Committee, Standards Sub-Committee and Employment Committee and is referred to in Schedule 1 of the Local Government (Functions and Responsibilities) (England) Regulations 2000 as amended which can be found at the end of this part of the Constitution.

1. Planning and Regulatory Committee

Planning and conservation - Functions relating to town and country planning and development control as specified in Schedule 1 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended (the Function Regulations)

Commons registration - The registration of Common land or town or village greens and to register the variation of rights of common as set out in Schedule 1 to the Function Regulations

Highways' use and regulation - The exercise of powers relating to the regulation of the use of highways as set out in Schedule 1 to the Function Regulations.

Health and Safety - Functions relating to health and safety under any relevant statutory provision within the meaning of Part 1 of the Health and Safety at Work Act 1974, to the extent that those functions are discharged otherwise than in the Council's capacity as employer.

Elections - Functions relating to elections as set out in Schedule 1 to the Functions Regulations

Membership

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The Membership of the Planning and Regulatory Committee shall consist of thirteen Members of the Council

1.1 Planning and Regulatory Public Rights of Way Sub-Committee

The Planning and Regulatory Committee will appoint a Public Rights of Way Sub-Committee comprising of 5 Members. The Public Rights of Way Sub-Committee will have delegated to it the determination of Definitive Map Modification Orders and Public Path Orders.

1.2 Standards Sub Committee

The promotion and maintenance of high standards of conduct within the Council and within the parish councils of North Somerset – To advise the Council on the adoption or revision of its Code of Conduct. Granting dispensations to Councillors, co-opted Members, church and parent governor representatives from requirements relating to interests set out in the Members' Code of Conduct.

Advising, training or arranging to train Councillors, co-opted Members, church and parent governor representatives on matters relating to the Members' Code of Conduct. Dealing with any complaint about conduct of a councillor or of a town or parish councillor where that complaint alleges a breach of the Council's Code of Conduct in accordance with the Council's adopted Code of Conduct complaints procedure.

Membership

There are three Members of the Standards Sub-Committee. Apart from the District Councillors there is an independent co-opted Member and if the complaint concerns a parish or town council the sub-committee will also include up to two co-opted parish or town councillors to advise the committee. The co-opted Members will not have any voting rights at meetings of the sub-committee.

2. Health and Wellbeing Board

The approval of the joint strategic needs assessment and the joint health and wellbeing strategy in accordance with sections 116 and 116a of The Local Government and Public Involvement in Health Act 2007 and to encourage integrated working.

Membership

As set out in the Health and Social Care Act 2012 with any additional members that the Council determines.

3. Employment Committee

Appointment of Senior Officers - To interview candidates to make appointments to the following posts

- a) the Head of Paid Service subject to approval by the Council and
- b) Directors and s151 finance officer and monitoring officer.

Discipline and grievance - In the event of the Employment Sub-Committees not exercising any of their delegated decision making as detailed below to consider and determine appeals against dismissal, bullying and harassment and grievance and to deal with the discipline or termination of Head of Paid Service and any Director or Assistant Director and those officers that fall within the definition of "Deputy Chief Officer" in the Local Government and Housing Act 1989.

Redundancy – to consider proposals for Redundancies and Early Retirements (posts graded JM8 and above or equivalent).

Pay Scales and Honoraria – to consider and approve pay scales, honoraria and acting up payments in accordance with Council Policy and approved employment delegation criteria.

Membership

The Membership of the Employment Committee shall consist of at least five Members of the Council, one of which shall be a Member of the Executive.

For senior officer appointments the Executive Member(s) with the portfolio(s) for the Directorate concerned may substitute one of the ordinary Members of this committee for that appointment process only but the total number of Executive Members appointed for a Committee shall not constitute the majority of the Members of the Committee.

3.1 Employment Sub-Committees

The Employment Sub-Committees shall consider all matters delegated to them by the Employment Committee to determine, as follows:

Appeals Sub-Committee

To deal with consider and determine appeals against discipline, dismissal, bullying and harassment and grievance.

Grievance Sub-Committee

To deal with consider and determine grievances concerning Head of Paid Service and any Director or Assistant Director and those officers that fall within the definition of “Deputy Chief Officer” in the Local Government and Housing Act 1989.

Staffing Sub-Committee

To deal with consider and determine the discipline or dismissal of Head of Paid Service and any Director or Assistant Director and those officers that fall within the definition of “Deputy Chief Officer” in the Local Government and Housing Act 1989.

[Note The Officer Employment Procedure Rules contained in Part 4 of the Constitution must be followed at all times including the specific requirements regarding approval by Council of the appointment of Head of Paid Service and dismissal of Head of Paid Service, Monitoring Officer and Chief Finance / s151 Officer]

Membership

The Membership of the Employment Sub-Committees shall each comprise three Members of the Council who will also be Members of the Employment Committee.

4. Licensing Committee

The Licensing Committee will consider matters relating to the Licensing Act 2003 and the Gambling Act 2005 as set out in Schedule 1 to the Functions regulations and other matters relating to that function. Taxi, gaming, food and miscellaneous licensing - Functions relating to licensing and registration as set out in Schedule 1 to the Functions Regulations.

Membership

The Membership of the Licensing Committee shall be no more than 15 Members of the Council and no less than 12 Members.

TABLE OF DELEGATIONS OF LICENSING FUNCTIONS

MATTER TO BE DEALT WITH	FULL COUNCIL	SUB-COMMITTEE	OFFICERS
Three-year licensing policy	X		

Policy not to permit casinos	X		
Fee Setting – when appropriate			X (Can delegate decision to Licensing Committee but no automatic delegation so for Licensing Authority to decide)
Application for premises licences		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Application for variation to a licence		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Application for a transfer of a licence		Where representations have been received from the Commission	Where no representations received from the Commission
Application for a provisional statement		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Review of a premises licence		X	
Application for club gaming/club machine permits		Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Cancellation of club gaming/club machine permits		X	
Application for other permits			X

Cancellation of licensed premises gaming machine permits			X
Consideration of temporary use notice		Where representations have been received and hearing deemed necessary	Where no representations received or where representations received and hearing deemed unnecessary
Decision to give a counter notice to a temporary use notice		X	

4.1 Licensing Sub Committee

The Licensing Sub Committee shall consider all matters delegated to it by the Licensing Committee to determine. It will determine applications made under the Licensing Act 2003 and the Gambling Act 2005 where a Hearing is required.

Membership

A Licensing Sub Committee shall be convened where a hearing of an application is required. The membership of a Licensing Sub Committee shall not exceed 3 Members of the Council who will also be Members of the Licensing Committee.

5. Audit Committee

The Council will establish an independent Audit Committee to support the Council in the effective discharge of risk management, internal control and governance responsibilities with functions as set out in Article and to report directly to the Council, the Leader and Chief Executive Officer and Director of Corporate Services on any matters it believes needs to be brought to their attention.

It is the primary source of objective guidance and assurance to the Council on the effectiveness of its risk management, internal control and governance framework. Its function is that of advice, monitoring and review.

Membership

The Membership of the Audit Committee shall comprise five elected Members (Political Balance to apply) and two independent persons to be recruited by advertisement and interview.

6. Joint Committees

The following joint arrangements are in place:

6.1 Joint Health Overview and Scrutiny Committee

This Council has entered into joint arrangements with Bristol City Council and South Gloucestershire Council for the purpose of scrutinising:

(i) the Bristol, North Somerset and South Gloucestershire (BNSSG) Sustainability and Transformation Plan (STP); and

(ii) the specific projects and proposals emerging from the STP which have cross-boundary implications (within the BNSSG).

Membership:

The Council's membership on the joint committee shall comprise seven members, political balance to apply.

6.2 West of England Combined Authority Joint Executive Committee

The Joint Committee is established to deal with any relevant functions that fall outside those set out in the West of England Combined Authority Order 2017 – full terms of reference can be found at <https://www.westofengland-ca.gov.uk/wp-content/uploads/2017/11/171109-WECA-PUBLISHED-CONSTITUTION-9-NOVEMBER-2017.pdf>

Membership:

Each constituent council must appoint one of its elected members to be a member of the Combined Authority/Joint Executive Committee, and also a substitute member.

7. Responsibility for Executive functions

The Executive will determine all other matters on behalf of the Council within the budget and the policies set by full Council, including those local choice functions that appear in the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended, save for those that appear in the list at the end of Part 3 of this Constitution. The Leader in consultation with the Deputy Leader will determine the Membership of and the portfolios of the Executive Members. At the Annual Council Meeting the Leader of the Council will provide a list of Members of the

Executive to the Council together with a list of the areas for which each of them will be responsible.

EXECUTIVE MEMBER PORTFOLIO

1. Appointment

Annually on the determination of the Leader of the Council who will also be the Chairman of the Executive. The allocation of Executive Member Portfolios will also be a determination of the Leader of the Council.

2. Terms of reference

2.1 As a Member of the Executive :-

2.1.1 To participate in and share collective responsibility for the development and execution of Council policy and Executive decisions

2.2 As an Executive Member with portfolio responsibilities:-

2.2.1 To participate in the Executive in respect of portfolio responsibilities and share collective responsibility for decisions taken by the Executive as a whole.

2.2.2 To act as spokesperson and advocate for the Council in respect of portfolio responsibilities and at all times to promote the reputation and interests of North Somerset Council locally and nationally.

2.2.3 To develop and recommend to the Executive new policies in accordance with the Council's overall strategic approach, engaging as required with other Executive Members, officers, Policy and Scrutiny Panels, Area Forum and external partners/interest groups/ service users.

2.2.4 To provide politically accountable guidance on the management and implementation of policy in relation to activities within the portfolio.

2.2.5 To exercise delegated powers on those matters within the portfolio area of responsibility on all those matters on which the Executive Members approval is sought in accordance with Financial Regulations or at the request of the Director.

2.2.6 That where key decisions are to be made in the exercise of delegated powers, the report be published five clear working days in advance of the meeting.

2.2.7 To refer matters which the Executive Member considers to be sensitive matters or matters that have significant Council wide implications to the Executive

2.2.8 To respond to reports of Policy and Scrutiny Panels

- 2.2.9 To lead the process of continuous improvement and responsiveness of Council services with the portfolio to achieve best value.
- 2.2.10 To ensure that activities within the portfolio take account of the Council's vision, core values and guiding principles
- 2.2.11 To represent the Council politically at national and local level, on outside bodies or in partnership with other agencies
- 2.2.12 To provide the principal point of contact to all forms of media on the appropriate portfolio areas, to provide clear, well informed responses as required.
- 2.2.13 To establish the role of key spokesperson on issues relating to the appropriate portfolio area, both internally and externally to ensure that responses are informed and up to date.
- 2.2.14 To provide the link between the Executive and the appropriate officers for the specified portfolio area
- 2.2.15 To decide to award contracts with values as set out in Financial Regulations/Contract Standing Orders on behalf of the Council concerning the specific portfolio area in accordance with the Council's Contract Standing Orders.
- 2.2.16 To give guidance on the setting of Budget priorities.
- 2.2.17 To receive representations from Members of the Council acting in their capacity as ward Members in relation to the provision of services to local people.
- 2.2.18 To prepare responses to consultation papers issued by the Government and other outside bodies, in consultation with the relevant officer - and where there are Council wide implications to submit a draft response to the Executive for approval.

3. Limitations

- 3.1.1 An Executive Member cannot be a Member of a Policy and Scrutiny Panel.
- 3.1.2 Cross portfolio matters shall be dealt with jointly with the other portfolio holder.
- 3.1.3 Matters which the Executive Member considers to have significant Council wide implications must be referred to the Executive.
- 3.1.4 Any matter may be referred to the Executive at the discretion of the Executive Member.

OFFICER DELEGATIONS AND AUTHORISATIONS

1. GENERAL CONDITIONS ON ALL DELEGATED POWERS

The powers delegated to officers shall be exercised in accordance with all statutory provisions and:

The Constitution

- 1.1 The Council's approved Budget.
- 1.2 Where the officer taking a decision is of the opinion that the Subject matter involves considerations within the professional expertise or responsibility of another officer, or has significant political or policy implications, he or she shall, wherever possible, consult with that other officer, or the relevant Executive Member or Committee authorising action.
- 1.3 An officer shall not exercise his or her delegated powers in a way which is contrary to any minuted decision of the Council.
- 1.4 An officer need not exercise his or her delegated power in any particular matter. In these circumstances, he or she shall refer the matter to the relevant Executive Member or Committee.
- 1.5 An officer may authorise any officer within his or her (or exceptionally in another) directorate to exercise any or all of his or her delegated powers under this scheme. That in the event of any Director post being vacant, the appropriate Assistant Director or Head of Service may exercise those powers normally delegated to the Director.
- 1.6 Any mention of this scheme to any Act shall be deemed to include any statutory instruments thereunder and shall be deemed to refer to the same as at any time amended and where such Act or instrument has been replaced, consolidated or re-enacted such mention shall be deemed to refer to the relevant provisions of the replacing, consolidating or re-enacting Act or instrument.
- 1.7 With the exception of 3.10 and 3.20 of the Financial Regulations none of the powers shall be deemed to authorise the sale, grant, purchase or assignment of the freehold or a lease for more than seven years of any land or buildings, or the filling of a vacancy in the establishment on a permanent basis.
- 1.8 For the avoidance of doubt the term "Director" in this Scheme includes the Chief Executive .

2. GENERAL POWERS OF ALL DIRECTORS AND THE CHIEF EXECUTIVE)

- 2.1 To take decisions (within the limitations in Section 1 above) on all matters of management or professional responsibility and to put into effect approved schemes of the Council's Strategy and Service Plan.
- 2.2 To take emergency action on behalf of the Council on any matter in cases of urgency or emergency with, wherever possible, prior consultation with the Chief Executive and the Executive Member and the Chairman of the appropriate Policy and Scrutiny Panel or Committee and Subject to a report as soon as possible afterwards to the appropriate body.
- 2.3 To take decisions on all matters relating to employees including filling of vacancies and dismissal of employees (subject to advice obtained from the Head of Human Resources) in accordance with the designations approved by Council (including Assistant Directors/ Heads of Service where indicated).
- 2.4 Any reference to the authorisation of officers in respect of carrying out functions shall include authorisation of persons other than officers of the Council to discharge functions where appropriate and permitted by legislation
- 2.5 To exercise any power and take or do any action or thing which is relevant, incidental, ancillary or conducive to their functions and management responsibilities including (without prejudice to the generality of the foregoing) any provision of the following Acts:

Local Authorities (Goods and Services) Act 1970
Local Government Acts 1972 and 2003
Crime and Disorder Act 1998
Local Government Act 2000
Disability Discrimination Acts 1995 and 2005
Race Relations Act 1976
Human Rights Act 1998
Anti-Social Behaviour Act 2003

3. THE CHIEF EXECUTIVE

- 3.1 To be and exercise the powers of the Head of Paid Service under the Local Government and Housing Act 1989.
- 3.2 To authorise or do any act or thing necessary to affect any decision of the Council, the Executive or any Committee.

- 3.3 To take or authorise such action as seems to him or her appropriate to preserve the Council's position pending the consideration by the Council or any Committee of parliamentary bills, statutory orders and instruments or any other proposal, plan or scheme of a public or private body affecting the interests of the Council.
- 3.4 To promote the public image and relations of the Council and its relations with external agencies and bodies.
- 3.5 To be responsible for the overall strategic and corporate management, personnel strategy, programme implementation and performance review of the Council.
- 3.6 To make arrangements for dealing with the well-being functions under the Local Government Act 2000 and any new functions or matters or any functions or matters not specifically allocated in this scheme to another Director.
- 3.7
- 3.8

4. DIRECTOR OF CORPORATE SERVICES

- 4.1 To have overall responsibility for all the Financial affairs of the Council in accordance with section 151 of the Local Government Act 1972 and section 114 of the Local Government Finance Act 1988 and the function of local land charges and commons registration.
- 4.2 To be responsible for the Council's corporate financial operations including statutory accounts preparation, bank accounts, cash flows, borrowing, revenues, investments, insurances, capital finance and financial management systems.
- 4.3 To monitor the accountancy functions and financial operations of the Council.
- 4.4 Overall responsibility to ensure that the Council is provided with effective and competitive corporate support services
- 4.5 Overall responsibility for business continuity within the Directorate

5. ASSISTANT DIRECTOR LEGAL AND GOVERNANCE

- 5.1 To be and exercise the powers of the Monitoring Officer under the Local Government and Housing Act 1989 and Local Government Acts 2000 2003 and the Local Government and Public Involvement in Health Act 2007.

- 5.2 To act as Clerk to the Council and make arrangements for the conduct of Council, Executive and Committee meetings, the recording of decisions, and the maintenance of the Constitution.
- 5.3 To be the Council's Solicitor and to institute, defend and settle any claims, appeals, complaints and legal proceedings relating to any function of the Council.
- 5.4 To authorise persons to appear for and represent the council in court under section 223 of the local government act 1972 and section 60 of the county courts act 1984.

6. DIRECTOR OF PLACE

- 6.1 To exercise all the functions (including the authorisation of officers under various) of the Local Planning Authority and Mineral Planning Authority and in relation to building control including (without prejudice to the generality of the foregoing) functions of Local Authorities under the following Acts:

National Parks and Access to the Countryside Act 1949
 Countryside Act 1968
 Wildlife and Countryside Act 1981
 Building Act 1984
 Town and Country Planning Act 1990 as amended
 Planning (Hazardous Substances) Act 1990
 Planning (Listed Buildings and Conservation Areas) Act 1990
 Planning (Consequential Provisions) Act 1990
 Planning and Compensation Act 1991
 Countryside and Rights of Way Act 2000
 Flood and Water Management Act 2010
 Anti-Social Behaviour Crime and Policing Act 2014

(NOTE: The Council has an approved procedure for certain planning applications to be referred to Committee).

- 6.2 To exercise all the functions of the Local Highway Authority (including the authorisation of officers for that purpose) and in relation to engineering, road traffic, car parking and transportation (without prejudice to the generality of the foregoing) functions of local authorities under the following Acts:

Public Health Act 1936
 Coast Protection Act 1949
 Chronically Sick and Disabled Persons Act 1970
 Land Compensation Act 1973
 Health and Safety at Work, etc. Act 1974
 Road Traffic Act 1974
 Reservoirs Act 1975
 Safety at Sports Grounds Act 1975

Highways Act 1980
Cycle Track Act 1984
Road Traffic Regulation Act 1984
Transport Act 1985
Fire Safety and Safety of Places of Sports Act 1987
Road Traffic Act 1988
New Roads and Street Works Act 1991
Land Drainage Act 1991
Water Resources Act 1991
Traffic Calming Act 1992
Environment Act 1995
Road Traffic Reduction Acts 1997 and 1998
Traffic Management Act 2004

- 6.3 To exercise all the functions of the Council in relation to, waste collection and disposal, burials and cremation, street naming and numbering safety and the environment (other than those specifically exercisable by a Local Planning Authority) to include without prejudice to the generality of the foregoing) the functions of local authorities under the following Acts and to include the authorisation of officers:

Public Health Acts 1875 to 1961
Open Spaces Act 1906
Cremation Acts 1902 and 1952
Caravan Sites and Control of Development Act 1960
Health and Safety at Work (Etc.) Act 1974
Control of Pollution Act 1974
Safety of Sports Grounds Act 1975
Public Health (Control of Disease) Act 1984
Building Act 1984
Environmental Protection Act 1990
Clean Air Act 1993
Environment Act 1995
Noise Act 1996
Waste Minimisation Act 1998
Anti-Social Behaviour Act 2003
Towns Improvement Clauses Act 1847
Cleaner Neighbourhood and Environment Act 2005
Health Act 2006
Violent Crime Reduction Act 2006

- 6.4 To exercise the functions of the Council in relation to charities, licensing and to deal with all matters relating to the status, route, diversion and extinguishment of rights of way including (without prejudice to the generality of the foregoing) functions of local authorities under the following Acts and to include the authorisation of officers:

Town Police Clauses 1847 and 1889
Public Health Acts Amendment Act 1907
Gaming Act 1968
Theatres Act 1968
Local Government (Miscellaneous Provisions) Act 1976
Cinemas Act 1985
Charities Act 1985
Licensing Act 2003
Gambling Act 2005

- 6.5 To exercise all the functions of the Council in relation to leisure and recreational services, the youth service, libraries, museums and tourism including (without prejudice to the generality of the foregoing) functions of local authorities under the following Acts:

Public Health Act 1875
Open Spaces Act 1906
Allotment Acts 1908-1950
National Parks and Access to the Countryside Act 1949
Public Libraries and Museums Act 1964
Local Government (Miscellaneous Provisions) Act 1976
Local Government Act 1972
Commons Act 2006
Natural Environment and Rural Communities Act 2006

- 6.6 To promote economic development and community safety in North Somerset including (without prejudice to the generality of the foregoing) the exercise of the functions of the Council under the following Acts:

Local Government and Housing Act 1989

- 6.7 Overall responsibility for business continuity within the Directorate.

7. DIRECTOR OF CHILDREN'S SERVICES

- 7.1 To exercise all the functions of the Local Education Authority and all functions of the Council in relation to Children's Social Services including (without prejudice to the generality of the foregoing) functions of Local Authorities under the following Acts:

Education Acts 1944 - 2005
Education and Training Act 1973
Employment of Children Act 1973
Local Government (Miscellaneous Provisions) Act 1982
Education Reform Act 1988
Further and Higher Education Act 1992
Education (Schools) Acts 1992 - 2002
Nursery Education and Grant Maintained Schools Act 1996
Anti-Social Behaviour Act 2003

Adoption Act 1976
Children Act 1989 & 2004
Family Law Act 1996
Youth Justice and Criminal Evidence Act 1999
Health and Social Care Act 2001
Carers (Recognition and Services) Act 2004
Carers (Equal Opportunities) Act 2004
National Health Service and Community Care Act 1990
Disabled Persons (Services Consultations and Rehabilitation) Act 1986
Health Social Security and Social Services Adjudication Act 1983
Local Authority Social Services Act 1970
Schools Inspections Act 1996
Schools Standards and Framework Act 1998
Teaching and Higher Education Act 1998
Learning and Skills Act 2000
Special Educational Needs and Disability Act 2001
Childcare Act 2004 & 2006

7.2 Overall responsibility for business continuity within the Directorate.

8. DIRECTOR OF ADULT SOCIAL SERVICES

8.1 To exercise all the functions of the Council in relation to Adult Social Services including (without prejudice to the generality of the foregoing) function of local authorities under the following Acts including the authorisation of officers:

National Assistance Act 1948
Local Authority Social Services Act 1970
Chronically Sick and Disabled Persons Act 1970
National Health Service Act 1977
Mental Health Act 1983
Health, Social Security and Social Services Adjudication Act 1983
Disabled Persons (Services Consultations and Representation) Act 1986
National Health Service and Community Care Act 1990
Carers (Recognition and Services) Act 1995
Health and Social Care Act 2001
Mental Capacity Act 2005

8.2 To exercise all the functions of the Council as Housing Authority including (without prejudice to the generality of the foregoing) functions under the following Acts:

Housing Acts 1985 - 2004
Rent (Agriculture) Act 1976
Protection from Eviction Act 1977
Rent Act 1977
Local Government and Housing Act 1989
Housing Grants, Construction and Regeneration Act 1996

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Homelessness Act 2002
Local Government (Miscellaneous Provisions) Act 1976
Local Government (Miscellaneous Provisions) Act 1982
Public Health Act 1936
Public Health Act 1961
Caravan Sites and Control of Development Act 1960
Caravan Sites Act 1968
Criminal Justice and Public Order Act 1994
Civil Procedure Rules Part 55
Building Act 1984
Environmental Protection Act 1990
Prevention of Damage by Pests Act 1949

8.3 Overall responsibility for business continuity within the Directorate.

9. DIRECTOR OF PUBLIC HEALTH

9.1 To exercise all the functions of the Council in relation to food and drugs, shops, trading standards, weights and measures, and public protection including (without prejudice to the generality of the foregoing) the functions of local authorities under the following Acts and to include the authorisation of officers:-

Medicines Act 1968
Trade Description Acts 1968 and 1972
European Communities Act 1972
Fair Trading Act 1973
Hallmarking Act 1973
Food Act 1984
Weights and Measures Act 1987
Food Safety Act 1990
Sunday Trading Act 1994
Enterprise Act 2002
Private Security Industries Act 2001

9.2 To exercise all the Public Health functions of the Council including (without prejudice to the generality of the foregoing) functions under the following Act (s)

National Health Service Act 2006 (as amended by the Health and Social Care Act 2012)

THE LOCAL AUTHORITIES (FUNCTIONS AND RESPONSIBILITIES) (ENGLAND) REGULATIONS 2000 AS AMENDED

Schedule 1

Function

Provision of Act or Statutory Instrument

A. Functions relating to town and country planning and development control

- | | |
|---|---|
| <p>5. Power to determine application for planning permission.</p> <p>6. Power to determine applications to develop land without compliance with conditions previously attached.</p> <p>7. Power to grant planning permission for development already carried out.</p> <p>8. Power to decline to determine application for planning permission.</p> <p>9. Duties relating to the making of determinations of planning applications.</p> <p>10. Power to determine application for planning permission made by a local authority, alone or jointly with another person.</p> <p>11. Power to make determinations, give approvals and agree certain other matters relating to the exercise of permitted development rights.</p> <p>12. Power to enter into agreement regulating development or use of land.</p> <p>13. Power to issue a certificate of existing or proposed lawful use or development</p> | <p>Sections 70(1)(a) and (b) and 72 of the Town and Country Planning Act 1990 (c.8).</p> <p>Section 73 of the Town and Country Planning Act 1990.</p> <p>Section 73A of the Town and Country Planning Act 1990.</p> <p>Section 70A of the Town and Country Planning Act 1990.</p> <p>Sections 69, 76 and 92 of the Town and Country Planning Act 1990 and Articles 8, 10 to 13, 15 to 22 and 25 and 26 of the Town and Country Planning (General Development Procedure) Order 1995 (S.I. 1995/419) and directions made thereunder.</p> <p>Section 316 of the Town and Country Planning Act 1990 and the Town and Country Planning General Regulations 1992 (S.I. 1992/1492).</p> <p>Parts 6, 7, 11, 17, 19, 20, 21 to 24, 26, 30 and 31 of Schedule 2 to the Town and Country Planning (General Permitted Development) Order 1995 (S.I. 1995/418).</p> <p>Section 106 of the Town and Country Planning Act 1990.</p> <p>Sections 191(4) and 192(2) of the Town and Country Planning Act 1990.</p> |
|---|---|

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|---|---|
| 14. Power to serve a completion notice. | Section 94(2) of the Town and Country Planning Act 1990. |
| 15. Power to grant consent for the display of advertisements. | Section 220 of the Town and Country Planning Act 1990 and the Town and Country Planning (Control of Advertisements) Regulations 1992. |
| 16. Power to authorise entry onto land. | Section 196A of the Town and Country Planning Act 1990. |
| 17. Power to require the discontinuance of a use of land. | Section 102 of the Town and Country Planning Act 1990. |
| 18. Power to serve a planning contravention notice, breach of condition notice or stop notice. | Sections 171C, 187A and 183(1) of the Town and Country Planning Act 1990. |
| 18A Power to issue a temporary stop notice | Section 171E of the Town and Country Planning Act 1990 |
| 19. Power to issue an enforcement notice. | Section 172 of the Town and Country Planning Act 1990. |
| 20. Power to apply for an injunction restraining a breach of planning control. | Section 187B of the Town and Country Planning Act 1990. |
| 21. Power to determine applications for hazardous Substances consent, and related powers. | Sections 9(1) and 10 of the Planning (Hazardous Substances) Act 1990 (c. 10). |
| 22. Duty to determine conditions to which old mining permissions, relevant planning permissions relating to dormant sites or active Phase I or II sites, or mineral permissions relating to mining sites, as the case may be, are to be subject. | Paragraph 2(6)(a) of Schedule 2 to the Planning and Compensation Act 1991, paragraph 9(6) of Schedule 13 to the Environment Act 1995 (c. 25) and paragraph 6(5) of Schedule 14 to that Act. |
| 23. Power to require proper maintenance of land. | Section 215(1) of the Town and Country Planning Act 1990. |
| 24. Power to determine application for listed building consent, and related powers. | Sections 16(1) and (2), 17 and 33(1) of the Planning (Listed Buildings and Conservation Areas) Act 1990 (c.9). |

- 25.** Power to determine applications for conservation area consent. Section 16(1) of the Planning (Listed Buildings and Conservation Areas Act 1990, as applied by section 74(3) of that Act.
- 26.** Duties relating to applications for listed building consent and conservation area consent. Sections 13(1) and 14(1) and (4) of the Planning (Listed Buildings and Conservation Areas) Act 1990(c.9) and regulations 3 to 6 and 13 of the Planning (Listed Buildings and Conservation Areas) Regulations 1990 (S.I. 1990/1519) and paragraphs 8, 15 and 26 of Department of the Environment, Transport and the Regions Circular 01/01.
- 27.** Power to serve a building preservation notice, and related powers. Sections 3(1) and 4(1) of the Planning (Listed Buildings and Conservation Areas) Act 1990 (c.9).
- 28.** Power to issue enforcement notice in relation to demolition of listed building in conservation area. Section 38 of the Planning (Listed Buildings and Conservation Areas) Act 1990 (c.9).
- 29.** Powers to acquire a listed building in need of repair and to serve a repairs notice. Sections 47 and 48 of the Planning (Listed Buildings and Conservation Areas) Act 1990 (c.9).
- 30.** Power to apply for an injunction in relation to a listed building. Section 44A of the Planning (Listed Buildings and Conservation Areas) Act 1990 (c.9)[23].
- 31.** Power to execute urgent works. Section 54 of the Planning (Listed Buildings and Conservation Areas) Act 1990 (c.9).
- B. Licensing and registration functions (in so far as not covered by any other paragraph of this Schedule)**
- 1.** Power to issue licences authorising the use of land as a caravan site ("site licences"). Section 3(3) of the Caravan Sites and Control of Development Act 1960 (c. 62).
- 2.** Power to license the use of moveable dwellings and camping sites. Section 269(1) of the Public Health Act 1936 (c.49).

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| <p>3. Power to license hackney carriages and private hire vehicles.</p> | <p>(a) as to hackney carriages, the Town Police Clauses Act 1847 (10 & 11 Vict. c. 89), as extended by section 171 of the Public Health Act 1875 (38 & 39 Vict. c. 55), and section 15 of the Transport Act 1985 (c. 67); and sections 47, 57, 58, 60 and 79 of the Local Government (Miscellaneous Provisions) Act 1976 (c. 57); (b) as to private hire vehicles, sections 48, 57, 58, 60 and 79 of the Local Government (Miscellaneous Provisions) Act 1976.</p> |
| <p>4. Power to license drivers of hackney carriages and private hire vehicles.</p> | <p>Sections 51, 53, 54, 59, 61 and 79 of the Local Government (Miscellaneous Provisions) Act 1976.</p> |
| <p>5. Power to license operators of hackney carriages and private hire vehicles.</p> | <p>Sections 55 to 58, 62 and 79 of the Local Government (Miscellaneous Provisions) Act 1976.</p> |
| <p>6. Power to register pool promoters.</p> | <p>Schedule 2 to the Betting, Gaming and Lotteries Act 1963 (c. 2)</p> |
| <p>7. Power to grant track betting licences.</p> | <p>Schedule 3 to the Betting, Gaming and Lotteries Act 1963.</p> |
| <p>8. Power to license inter-track betting schemes.</p> | <p>Schedules 5ZA to the Betting, Gaming and Lotteries Act 1963.</p> |
| <p>9. Power to grant permits in respect of premises with amusement machines.</p> | <p>Schedule 9 to the Gaming Act 1968 (c. 65).</p> |
| <p>10. Power to register societies wishing to promote lotteries.</p> | <p>Schedule 1 to the Lotteries and Amusements Act 1976 (c. 32).</p> |
| <p>11. Power to grant permits in respect of premises where amusements with prizes are provided.</p> | <p>Schedule 3 to the Lotteries and Amusements Act 1976.</p> |
| <p>12. Power to issue cinema and cinema club licences.</p> | <p>Section 1 of the Cinema Act 1985 (c. 13).</p> |
| <p>13. Power to issue theatre licences.</p> | <p>Sections 12 to 14 of the Theatres Act 1968 (c. 54).</p> |

- 14.** Power to issue entertainment's licences. Section 12 of the Children and Young Persons Act 1933 (c. 12), section 52 of, and Schedule 12 to, the London Government Act 1963 (c. 33), section 79 of the Licensing Act 1964 (c. 26), sections 1 to 5 and 7 of, and Parts I and II of the Schedule to, the Private Places of Entertainment (Licensing) Act 1967 (c. 19) and Part I of, and Schedules 1 and 2 to, the Local Government (Miscellaneous Provisions) Act 1982 (c. 30).
Sections 5 to 8 of the Licensing Act 2003 (c. 17)
- 14A.** Functions relating to licensing Sections 5 to 8 of the Licensing Act 2003 (c. 17)
- 14B.** Power to resolve not to issue a casino premises licence Section 166 of the 2005 Act
- 14C.** Power to designate officer of the licensing authority as an authorised person for a purpose relating to the premises. Section 304 of the 2005 Act.
- 14D.** Power to institute criminal proceedings. Section 346 of the 2005 Act
- 14E.** Power to exchange information. Section 350 of the 2005 Act.
- 14F.** Functions relating to the determination of fees for premises licences. The Gambling (Premises Licence Fees)(England and Wales) Regulations 2007 (S.I. 2007/479).
- 15.** Power to license sex shops and sex cinemas. The Local Government (Miscellaneous Provisions) Act 1982, section 2 and Schedule 3.
The Hypnotism Act 1952 (c. 46).
- 16.** Power to license performances of hypnotism. Sections 13 to 17 of the Local Government (Miscellaneous Provisions) Act 1982.
- 17.** Power to license premises for acupuncture, tattooing, ear-piercing and electrolysis. Section 94 of the Public Health Acts Amendment Act 1907 (c. 53).
- 18.** Power to license pleasure boats and pleasure vessels. Paragraphs 1(2) and 9 of Schedule 12 to the London Government Act 1963 (c. 33) and Part V of the London Local Authorities Act 1995 (c. x).
Part III of, and Schedule 4 to, the Local Government (Miscellaneous Provisions) Act 1982, Part III of the London Local Authorities Act 1990 (c. vii) and section 6 of the London Local Authorities Act 1994 (c. xii).
- 19.** Power to register door staff.
- 20.** Power to license market and street trading.

- 21. Power to license night cafes and take-away food shops.** Section 2 of the Late Night Refreshment Houses Act 1969 (c. 53), Part II of the London Local Authorities Act 1990 and section 5 of the London Local Authorities Act 1994.
- 22. Duty to keep list of persons entitled to sell non-medicinal poisons.** Sections 3(1)(b)(ii), 5, 6 and 11 of the Poisons Act 1972 (c. 66).
- 23. Power to license dealers in game and the killing and selling of game.** Sections 5, 6, 17, 18 and 21 to 23 of the Game Act 1831 (c. 32); sections 2 to 16 of the Game Licensing Act 1860 (c. 90), section 4 of the Customs and Inland Revenue Act 1883 (c. 10), sections 12(3) and 27 of the Local Government Act 1874 (c. 73), and section 213 of the Local Government Act 1972 (c. 70).
- 24. Power of register and license premises for the preparation of food.** Section 19 of the Food Safety Act 1990 (c. 16).
- 25. Power to license scrap yards.** Section 1 of the Scrap Metal Dealers Act 1964 (c. 69).
- 26. Power to issue, amend or replace safety certificates (whether general or special) for sports grounds.** The Safety of Sports Grounds Act 1975 (c. 52).
- 27. Power to issue, cancel, amend or replace safety certificates for regulated stands at sports grounds.** Part III of the Fire Safety and Safety of Places of Sport Act 1987 (c.27).
- 28. Power to issue fire certificates.** Section 5 of the Fire Precautions Act 1971 (c. 40).
- 29. Power to license premises for the breeding of dogs.** Section 1 of the Breeding of Dogs Act 1973 (c. 60) and section 1 of the Breeding and Sale of Dogs (Welfare) Act 1999 (c. 11).
- 30. Power to license pet shops and other establishments where animals are bred or kept for the purposes of carrying on a business.** Section 1 of the Pet Animals Act 1951 (c. 35); section 1 of the Animal Boarding Establishments Act 1963(c. 43); the Riding Establishments Acts 1964 and 1970 (1964 c. 70 and 1970 c. 70); section 1 of the Breeding of Dogs Act 1973 (c. 60), and sections 1 and 8 of the Breeding and Sale of Dogs (Welfare) Act 1999.
- 31. Power to register animal trainers and exhibitors.** Section 1 of the Performing Animals (Regulation) Act 1925 (c. 38).
- 32. Power to license zoos.** Section 1 of the Zoo Licensing Act 1981 (c. 37).
- 33. Power to license dangerous wild animals.** Section 1 of the Dangerous Wild Animals Act 1976 (c. 38).

- 34.** Power to license knackers' yards. Section 4 of the Slaughterhouses Act 1974. See also the Animal By-Products Order 1999 (S.I. 1999/646).
- 35.** Power to license the employment of children. Part II of the Children and Young Persons Act 1933 (c. 33), byelaws made under that Part, and Part II of the Children and Young Persons Act 1963 (c. 37).
- 36.** Power to approve premises for the solemnisation of marriages. Section 46A of the Marriage Act 1949 (c. 76) and the Marriages (Approved Premises) Regulations 1995 (S. I. 1995/510)
- 37.** Power to register common land or town or village greens, except where the power is exercisable solely for the purpose of giving effect to -
- (a) an exchange of lands effected by an order under section 19(3) of, or paragraph 6(4) of Schedule 3 to, the Acquisition of Land Act 1981 (c. 67) or Regulation 6 of the Commons Registration (New Land) Regulations 1969 (S.I. 1969/1843).
- (b) an order under section 147 of the Inclosure Act 1845 (c. 8 & 9 Vict. c. 118).
- 38.** Power to register variation of rights of common. Regulation 29 of the Commons Registration (General) Regulations 1966 (S.I. 1966/1471).
- 39.** Power to license persons to collect for charitable and other causes. Section 5 of the Police, Factories etc. (Miscellaneous Provisions) Act 1916 (c. 31) and section 2 of the House to House Collections Act 1939 (c. 44).
- 40.** Power to grant consent for the operation of a loudspeaker. Schedule 2 to the Noise and Statutory Nuisance Act 1993 (c. 40).
- 41.** Power to grant a street works licence. Section 50 of the New Roads and Street Works Act 1991 (c. 22).
- 42.** Power to license agencies for the supply of nurses. Section 2 of the Nurses Agencies Act 1957 (c. 16).

43. Power to issue licences for the movement of pigs. Article 12 of the Pigs (Records, Identification and Movement) Order 1995 (S.I. 1995/11).
44. Power to license the sale of pigs. Article 13 of the Pigs (Records, Identification and Movement) Order 1995.
45. Power to license collecting centres for the movement of pigs. Article 14 of the Pigs (Records, Identification and Movement) Order 1995.
46. Power to issue a licence to move cattle from a market. Article 5(2) of the Cattle Identification Regulations 1998 (S.I. 1998/871).
- 46A. Power to grant permission for provision, etc of services, amenities, recreation and refreshment facilities on highway, and related powers. Sections 115E, 115F and 115K of the Highways Act 1980
- 47A. Duty to publish notice in respect of proposal to grant permission under section 115E of the Highways Act 1980. Section 115G of the Highways Act 1980[3]
47. Power to permit deposit of builder's skip on highway. Section 139 of the Highways Act 1980 (c. 66).
48. Power to license planting, retention and maintenance of trees etc. in part of highway. Section 142 of the Highways Act 1980.
49. Power to authorise erection of stiles etc. on footpaths or bridleways. Section 147 of the Highways Act 1980.
50. Power to license works in relation to buildings etc. which obstruct the highway. Section 169 of the Highways Act 1980.
51. Power to consent to temporary deposits or excavations in streets. Section 171 of the Highways Act 1980.
52. Power to dispense with obligation to erect hoarding or fence. Section 172 of the Highways Act 1980.
53. Power to restrict the placing of rails, beams etc. over highways. Section 178 of the Highways Act 1980.
54. Power to consent to construction of cellars etc. under street. Section 179 of the Highways Act 1980[44].

- 55.** Power to consent to the making of openings into cellars etc. under streets, and pavement lights and ventilators. Section 180 of the Highways Act 1980.
- 56.** Power to sanction use of parts of buildings for storage of celluloid. Section 1 of the Celluloid and Cinematography Film Act 1922 (c. 35).
Regulations 4 and 5 of the Meat Products (Hygiene) Regulations 1994 (S.I. 1994/3082)
- 57.** Power to approve meat product premises. Regulations 4 and 5 of the Meat Products (Hygiene) Regulations 1994 (S.I. 1994/3082)
- 58.** Power to approve premises for the production of minced meat or meat preparations. Regulation 4 of the Minced Meat and Meat Preparations (Hygiene) Regulations 1995 (S.I. 1995/3205).
- 59.** Power to approve dairy establishments. Regulations 6 and 7 of the Dairy Products (Hygiene) Regulations 1995 (S.I. 1995/1086).
- 60.** Power to approve egg product establishments. Regulation 5 of the Egg Products Regulations 1993 (S.I. 1993/1520).
- 61.** Power to issue licences to retail butchers' shops carrying out commercial operations in relation to unwrapped raw meat and selling or supplying both raw meat and ready-to-eat foods. Schedule 1A to the Food Safety (General Food Hygiene) Regulations 1995 (S.I. 1995/1763).
- 62.** Power to approve fish products premises. Regulation 24 of the Food Safety (Fishery Products and Live Shellfish) (Hygiene) Regulations 1998 (S.I. 1998/994).
- 63.** Power to approve dispatch or purification centres. Regulation 11 of the Food Safety (Fishery Products and Live Shellfish) (Hygiene) Regulations 1998.
- 64.** Power to register fishing vessels on board which shrimps or molluscs are cooked. Regulation 21 of the Food Safety (Fishery Products and Live Shellfish) (Hygiene) Regulations 1998.
- 65.** Power to approve factory vessels and fishery product establishments. Regulation 24 of the Food Safety (Fishery Products and Live Shellfish) (Hygiene) Regulations 1998.
- 66.** Power to register auction and wholesale markets. Regulation 26 of the Food Safety (Fishery Products and Live Shellfish) (Hygiene) Regulations 1998.
- 67.** Duty to keep register of food business premises. Regulation 5 of the Food Premises (Registration) Regulations 1991 (S.I. 1991/2828).

68. Power to register food business premises. Regulation 9 of the Food Premises (Registration) Regulations 1991.
69. Power to register motor salvage operators Part 1 of the Vehicles (Crime) Act 2001
70. Functions relating to the registration of Common land and town or village greens Part 1 of the Commons Act 2006 and the Commons Registration (England) Regulations 2008
- C. Functions relating to health and safety at work**
Functions under any of the “relevant statutory provisions” within the meaning of Part I (health, safety and welfare in connection with work, and control of dangerous Substances) of the Health and Safety at Work etc. Act 1974, to the extent that those functions are discharged otherwise than in the authority’s capacity as an employer. Part I of the Health and Safety at Work etc. Act 1974 (c. 37)[48].
- D. Functions relating to elections**
1. Duty to appoint an electoral registration officer. Section 8(2) of the Representation of the People Act 1983 (c. 2)[49].
 2. Power to assign officers in relation to requisitions of the registration officer. Section 52(4) of the Representation of the People Act 1983.
 3. Functions in relation to parishes and parish Councils. Part II of the Local Government and Rating Act 1997 (c. 29) and Subordinate legislation under that Part.
Section 10 of the Local Government Act 1972.
 4. Power to dissolve small parish Councils. Section 11 of the Local Government Act 1972.
 5. Power to make orders for grouping parishes, dissolving groups and separating parishes from groups. Section 11 of the Local Government Act 1972.
 6. Duty to appoint returning officer for local government elections. Section 35 of the Representation of the People Act 1983.
 7. Duty to provide assistance at European Parliamentary elections. Section 6(7) and (8) of the European Parliamentary Elections Act 2002 (c.24).
 8. Duty to divide constituency into polling districts. Sections 18A to 18E of, and Schedule A1 to, the Representation of the People Act 1983.
 9. Power to divide electoral divisions into polling districts at local government elections. Section 31 of the Representation of the People Act 1983.

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| 10. Powers in respect of holding of elections. | Section 39(4) of the Representation of the People Act 1983. |
| 11. Power to pay expenses properly incurred by electoral registration officers. | Section 54 of the Representation of the People Act 1983. |
| 12. Power to fill vacancies in the event of insufficient nominations. | Section 21 of the Representation of the People Act 1985. |
| 13. Duty to declare vacancy in office in certain cases. | Section 86 of the Local Government Act 1972. |
| 14. Duty to give public notice of a casual vacancy. | Section 87 of the Local Government Act 1972. |
| 15. Power to make temporary appointments to parish Councils. | Section 91 of the Local Government Act 1972. |
| 17. Power to Submit proposals to the Secretary of State for an order under section 10 (pilot schemes for local elections in England and Wales) of the Representation of the People Act 2000. | Section 10 of the Representation of the People Act 2000 (c. 2). |
| 18. Duty to consult on change of scheme for elections | Sections 33(2), 38(2) and 40(2) of the 2007 Act. |
| 19. Duties relating to publicity | Sections 35, 41 and 52 of the 2007 Act. |
| 20. Duties relating to notice to Electoral Commission | Sections 36 and 42 of the 2007 Act. |
| 21. Power to alter year or ordinary election of parish councillors | Section 53 of the 2007 Act. |
| 22. Functions relating to change of name of electoral area | Section 59 of the 2007 Act. |
| E. Functions relating to name and status of areas and individuals | |
| 1. Power to change the name of a county, district or London borough. | Section 74 of the Local Government Act 1972. |
| 2. Power to change the name of a parish. | Section 75 of the Local Government Act 1972. |
| 3. Power to confer title of honorary alderman or to admit to be an honorary freeman. | Section 249 of the Local Government Act 1972. |
| 4. Power to petition for a charter to confer borough status. | Section 245b of the Local Government Act 1972. |
| EA. Functions relating to community governance | |
| 1. Duties relating to community governance | Section 79 of the 2007 Act. |
| 2. Functions relating to community governance petitions | Sections 80, 83 to 85 of the 2007 Act. |

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| 3. Functions relating to terms of reference of review | Section 81(4) of the 2007 Act. |
| 4. Power to undertake community governance review | Section 82 of the 2007 Act. |
| 5. Functions relating to making recommendations | Sections 87 – 92 of the 2007 Act. |
| 6. Duties when undertaking review | Sections 93 – 95 of the 2007 Act. |
| 7. Duty to publish outcome of review | Section 96 of the 2007 Act. |
| 8. Duty to send 2 copies of order to Secretary of State and Electoral Commission | Section 98(1) of the 2007 Act. |
| 9. Power to make agreements about incidental matters | Section 99 of the 2007 Act. |
| F. Power to make, amend, revoke, re-enact or enforce byelaws | Any provision of any enactment (including a local Act), whenever passed, and section 14 of the Interpretation Act 1978 (c. 30)[51]. |
| 1. Duty to enforce Chapter 1 and regulations made under it. | Section 10(3) of the 2006 Act |
| 2. Power to authorise officers | Section 10(5) of, and paragraph 1 of Schedule 2 to, the 2006 Act. Paragraphs 13, 15 and 16 of Schedule 1 to the 2006 Act Smoke-free (Vehicle Operators and Penalty Notices) Regulations 2007 (S.I. 2006/760). |
| 3. Functions relating to fixed penalty notices | Smoke-free (Premises and Enforcement) Regulations 2006 (S.I.2006/3368). |
| 4. Power to transfer enforcement functions to another enforcement authority | |
| FA. Functions relating to smoke-free premises, etc | |
| 1. Duty to enforce Chapter 1 and regulations made under it. | Section 10(3) of the 2006 Act. |
| 2. Power to authorise officers. | Section 10(5) of, and paragraph 1 of Schedule 2 to, the 2006 Act. Paragraphs 13, 15 and 16 of Schedule 1 to the 2006 Act. Smoke-free (Vehicles Operators and Penalty Notices) Regulations 2007 (S.I. 2006/760). |
| 3. Functions relating to fixed penalty notices. | Smoke-free (Premises and Enforcement) Regulations 2006 (S.I. 2006/3368). |
| 4. Power to transfer enforcement functions to another enforcement authority. | |
| G. Power to promote or oppose local or personal Bills. | Section 239 of the Local Government Act 1972. |
| H. Functions relating to pensions etc. | |

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| 1. Functions relating to local government pensions | Regulations under Sections 7, 12 or 24 of the Superannuation Act 1972. |
| 2. Functions under the Fireman's Pension Scheme relating to pensions, etc. as respects persons employed as Members of fire brigades maintained pursuant to section 4 of the Fire Services Act 1947. | Regulations under section 7, 12 or 24 of the Superannuation Act 1972 (c. 11)[52]. |
| I. Miscellaneous functions | |
| Part I: functions relating to public rights of way | |
| 1. Power to create footpath or bridleway by agreement | Section 25 of the Highways Act 1980 (c. 66) |
| 2. Power to create footpaths and bridleways. | Section 26 Highways Act 1980 |
| 3. Duty to keep register of information with respect to maps, statements and declarations. | Section 31A of the Highways Act 1980 |
| 4. Power to stop up footpaths and bridleways. | Section 118 Highways Act 1980 |
| 5. Power to determine application for public path extinguishments order. | Section 118ZA and 118C(2) of the Highways Act 1980 |
| 6. Power to make a rail crossing extinguishments order. | Section 118A of the Highways Act 1980 |
| 7. Power to make a special extinguishments order. | Section 118B of the Highways Act 1980 |
| 8. Power to divert footpaths and bridleways. | Section 119 Highways Act 1980 |
| 9. Power to make a public path diversion order. | Sections 119ZA and 119C(4) of the Highways Act 1980 |
| 10. Power to make a rail crossing diversion order. | Section 119A of the Highways Act 1980 |
| 11. Power to make a special diversion order. | Section 119B of the Highways Act 1980 |
| 12. Power to require applicant for order to enter into agreement. | Section 119C(3) of the Highways Act 1980 |
| 13. Power to make an SSSI diversion order. | Section 119D of the Highways Act 1980 |
| 14. Duty to keep register with respect to applications under sections 118ZA, 118C, 119ZA and 119C of the Highways Act 1980. | Section 121B of the Highways Act 1980 |
| 15. Power to decline to determine certain applications. | Section 121C of the Highways Act 1980 |
| 16. Duty to assert and protect the rights of the public to use and enjoyment of highways. | Section 130 Highways Act 1980 |

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| 17. Duty to serve notice of proposed action in relation to obstruction. | Section 130A of the Highways Act 1980 |
| 18. Power to apply for variation of order under section 130B of the Highways Act 1980. | Section 130B(7) of the Highways Act 1980 |
| 19. Power to authorise temporary disturbance of surface of footpath or bridleway. | Section 135 of the Highways Act 1980 |
| 20. Power temporarily to divert footpath or bridleway. | Section 135A of the Highways Act 1980 |
| 21. Functions relating to the making good of damage and the removal of obstructions. | Section 135B of the Highways Act 1980 |
| 22. Powers relating to the removal of things so deposited on highways as to be a nuisance. | Section 149 Highways Act 1980 |
| 23. Power to extinguish certain public rights of way. | Section 32 of the Acquisition of Land Act 1981 (c. 67) |
| 24. Duty to keep a definitive map and statement under review. | Section 53 Wildlife and Countryside Act 1981 |
| 25. Power to include modifications in other orders. | Section 53A of the Wildlife and Countryside Act 1981 |
| 26. Duty to keep register of prescribed information with respect to applications under section 53(5) of the Wildlife and Countryside Act 1981 | Section 53B of the Wildlife and Countryside Act 1981 |
| 27. Duty to reclassify roads used as public paths. | Section 54 Wildlife and Countryside Act 1981 |
| 28. Power to prepare map and statement by way of consolidation of definitive map and statement. | Section 57A of the Wildlife and Countryside Act 1981 |
| 29. Power to designate footpath as cycle track. | Section 3 of the Cycle Tracks Act 1984 (c. 38) |
| 30. Power to extinguish public right of way over land acquired for clearance | Section 294 of the Housing Act 1981 (c. 68) |
| 30A. Power to authorise stopping up or diversion of Highway. | Section 247 of the Town and Country Planning Act 1990 (c. 8) |
| 31. Power to authorise stopping-up or diversion of footpath or bridleway. | Section 257 of the Town and Country Planning Act 1990 |

32. Power to extinguish public rights of way over land held for planting purposes. Section 258 of the Town and Country Planning Act 1990
33. Power to enter into agreements with respect to means of access. Section 35 of the Countryside and Rights of way Act 2000 (c. 37)
34. Power to provide access in absence of agreement. Section 37 of the Countryside and Rights of Way Act 2000
- Part II: other miscellaneous functions**
35. Functions relating to sea fisheries Sections 1, 2, 10 and 19 of the Sea Fisheries Regulation Act 1966 (c. 38)
36. Power to make Standing Orders. Section 106 of, and paragraph 42 of Schedule 12 to the Local Government Act 1972 (c. 70)
37. Power to appoint staff, and to determine the terms and conditions on which they hold office (including procedures for their dismissal). Section 112 Local Government Act 1972
38. Power to make Standing Orders as to contracts. Section 135 Local Government Act 1972
39. Duty to make arrangements for proper administration of financial affairs etc. Section 151 of the local Government Act 1972
40. Power to appoint officers for particular purposes (appointment of "proper officers"). Section 270(3) of the local Government Act 1972
41. Power to make limestone pavement order Section 34(2) of the Wildlife and Countryside Act 1981 (c. 69)
42. Power to make closing order with respect to take away food shops. Section 4 of the Local Government Act (Miscellaneous Provisions) Act 1982 (c. 30)
43. Duty to designate officer as the head of the authority's paid service, and to provide staff, etc. Section 4(1) of the Local Government and Housing Act 1989
44. Duty to designate officer as the monitoring officer, and to provide staff, etc. Section 5(1) of the Local Government and Housing Act 1989
- 44A. Duty to provide staff, etc to person nominated by monitoring officer. Section 82A(4) and (5) of the Local Government Act 2000[5]
- 44B. Powers relating to overview and scrutiny committees (voting rights of co-opted members). Paragraphs 12 and 14 of Schedule 1 to the Local Government Act 2000

- 45.** Duty to approve authority's statement of accounts, income and expenditure and balance sheet or record' of receipts and payments (as the case may be) of The Accounts and Audit Regulations 1996 (S.I. 1996/590)
- 46.** Powers relating to the protection of important hedgerows. The Hedgerows Regulations 1997 (S.I. 1997/1160)
- 47.** Powers relating to the preservation of trees. Sections 197 to 214D Town and Country Planning Act 1990, and the Trees Regulations 1999 (S.I. 1999/1892)
- 47A.** Powers relating to complaints about high hedges Part 8 of the Anti-Social Behaviour Act 2003
- 48.** Power to make payments or provide other benefits in cases of maladministration etc. Section 92 Local Government Act 2000
- 49.** Power to make an order identifying a place as a designated public place for the purpose of police powers in relation to alcohol consumption. Section 13(2) of Criminal Justice and Police Act 2001
- 49A** Power to make or revoke an order designating a local authority as an alcohol disorder zone Section 16 Violent Crime Reduction Act 2006
- 50.** Power to apply for an enforcement order against unlawful works on common land Section 41 of the Commons Act 2006
- Power to protect unclaimed registered and unclaimed town or village greens against unlawful interference Section 45(2) (a) Commons Act 2006
- 51.** Power to institute proceedings for offences in respect of unclaimed registered common land and unclaimed town and village greens Section 45(2)(b) Commons Act 2006

Local Choice functions the responsibility of the Council

1. The making of arrangements under section 200 (questions on police matters at Council meetings) or the Police Act 1996 for enabling questions to be put on the discharge of the functions of the police authority.
2. The making of appointments under paragraph 2 to 4 (appointments of members by relevant councils) of Schedule 2 (police authorities established under section 3) to the Police Act 1996.
3. The determination of an appeal against any decision made by or on behalf of the authority (where a right of appeal exists)

PART 4

RULES OF PROCEDURE

1. STANDING ORDER 1 - ANNUAL MEETING OF THE COUNCIL

In a year when there is an ordinary election of Councillors, the annual meeting will take place within 21 days of the retirement of the outgoing Councillors. In any other year, the annual meeting will take place in March, April or May.

The annual meeting will:

- 1.1 elect a person to preside if the Chairman of the Council is not present;
- 1.2 elect the Chairman of the Council;
- 1.3 elect the Vice Chairman of the Council;
- 1.4 approve the minutes of the last meeting;
- 1.5 receive any announcements from the Chairman;
- 1.6 elect the Leader;
- 1.7 appoint at least one Policy and Scrutiny Panel, a Standards Sub-Committee and such other Committees as the Council consider appropriate to deal with matters which are neither reserved to the Council nor Executive functions;
- 1.8 agree the scheme of delegation or such part of it as the Constitution determines it is for the Council to agree as set out in Part 3, of this Constitution;
- 1.9 approve a programme of ordinary meetings of the Council for the year; and
- 1.10 consider any business set out in the notice convening the meeting.

At the annual meeting, the Council will:

- 1.11 decide which Committees to establish for the municipal year;
- 1.12 decide the size and terms of reference for those Committees;
- 1.13 decide the allocation of seats to political groups in accordance with the political balance rules;
- 1.14 receive nominations from Councillors to serve on each Committee and outside body

- 1.15 appointment to those Committees and outside bodies except where appointments to those bodies has been delegated by the Council or is exercisable only by the Executive.

2. STANDING ORDER 2 - ORDINARY MEETINGS

Ordinary meetings of the Council will take place in accordance with a programme decided at the Council's annual meeting. Ordinary meetings will:

- 2.1 elect a person to preside if the Chairman and Vice Chairman are not present;
- 2.2 receive any declarations of interest from Members;
- 2.3 approve the minutes of the last meeting;
- 2.4 receive any announcements from the Chairman, Leader or Head of Paid Service;
- 2.5 deal with any business from the last Council meeting;
- 2.6 receive questions from and provide answers to, the public in relation to matters which in the opinion of the person presiding at the meeting are relevant to the business of the meeting;
- 2.7 receive reports from the Executive and the Council's Committees and receive questions and answers to any of those reports;
- 2.8 receive reports about and receive questions and answers on the business of joint arrangements and external organisations;
- 2.9 consider motions;
- 2.10 consider any other business specific in the summons to the meeting including the consideration of proposals from the Executive in relation to the Council's budget and policy framework and reports of a Policy and Scrutiny Panel for debate.

3. STANDING ORDER 3 - EXTRAORDINARY MEETINGS

Those listed below may request the Proper Officer to call Council meetings in addition to ordinary meetings:

- 3.1 the Council by resolution;
- 3.2 the Chairman of the Council;
- 3.3 the Monitoring Officer; and

- 3.4 any five Members of the Council if they have signed a requisition presented to the Chairman and he/she has refused to call a meeting or has failed to call a meeting within 7 days of the presentation of the requisition.

4. STANDING ORDER 4 - TIME AND PLACE OF MEETINGS

The time and place of meetings will be determined by the Proper Officer and notified in the summons.

5. STANDING ORDER 5 - NOTICE OF AND SUMMONS TO MEETING

The Proper Officer will give notice to the public of the time and place of any meeting in accordance with the Access to Information Rules. At least 3 clear days before a meeting, the Proper Officer will send a summons signed by him or her by post to every Member of the Council or leave it at their usual place of residence. The summons will give the date, time and place of each meeting and specify the business to be transacted, and will be accompanied by such reports as are available.

6. STANDING ORDER NO 6 - POLITICAL GROUPS

- 6.1 A political group shall be recognised by the Council as a "Political Group" where a notice in writing is/has been delivered to the Assistant Director Legal and Governance, signed by two or more Members who wish to be treated as such and the Assistant Director Legal and Governance has also been notified in writing of the name of the political group and the name of one Member of the political group who has signed the notice and who is to act as its Leader. All Members who wish to be regarded as Members of that political group shall also sign the notice. The Leader and Deputy Leader of each group shall be notified to the Assistant Director Legal and Governance in the same way.

Communication

- 6.2 The Leader of a political group or in that person's absence the Deputy Leader will be a point of contact between officers and Members of that political group.

7. STANDING ORDER NO 7 - LEADER OF THE COUNCIL

- 7.1 The "Leader of the Council" shall be elected by the Council at the annual post-election meeting for a period of four years ending at the following annual post-election meeting. The Leader shall also be Chairman of the Executive.
- 7.2 The Leader will hold office until
- 7.2.1 He/she resigns from office or
- 7.2.2 He/she is suspended from being a Councillor under Part III of the Local Government Act 2000 (although he/she may resume office after the period of

suspension) or

7.2.3 He/she is removed from office by resolution of the Council or

7.2.4 On expiry of their term of office.

7.3 If at the annual post-election meeting the Council fails to elect a Leader, then the Leader shall be elected at a subsequent meeting of the Council.

7.4 If the Leader resigns or is removed by resolution of the Council, he shall cease to be Leader immediately unless a Leader cannot be appointed at that meeting, in which case the Councillor resigning or removed as Leader shall remain in office until the next Council meeting.

7.5 The Leader will appoint the Deputy Leader and up to eight Members of the Council to form the Executive.

8. STANDING ORDER NO 8 - CHAIRMAN OF COUNCIL

8.1 The Chairman of the Council shall be elected annually by the Council.

8.2 Any power or duty of the Chairman in relation to the conduct of the meeting may be exercised by the Vice Chairman or other person presiding at the meeting

8.3 In the case of an equality of votes the person presiding at the meeting shall give a casting vote in addition to any other vote he may have.

8.4 The Chairman may cancel, alter or rearrange a meeting of which he is chairman if in consultation with the Leader and Chief Executive he considers that there is likely to be insufficient business to be conducted at that meeting or it would be more efficient for conducting business if the meeting were altered or rearranged. If the Chairman wishes to alter or rearrange a meeting of the Council he shall give 10 working days' notice of the altered or rearranged meeting to the public. In exceptional circumstances the length of notice can be waived but in these cases the Chairman shall obtain the agreement of the Leader of the Council before the alteration or rearranged meeting is notified to the public and other Members.

9. STANDING ORDER NO 9 - VICE CHAIRMAN

9.1 The Council shall at the annual meeting appoint a Member of the Council to be Vice-Chairman of the Council.

9.2 Subject to any Standing Orders made by the Council, anything authorised or required to be done by, to or before the Chairman may be done by, to or before the Vice-Chairman.

10. STANDING ORDER NO 10 - CHAIRMAN OF MEETING

- 10.1 At a meeting of the Council the Chairman, if present, shall preside.
- 10.2 If the Chairman be absent from a meeting of the Council, then the Vice-Chairman of the Council, if present, shall preside.
- 10.3 If both the Chairman and Vice-Chairman of the Council be absent from a meeting of the Council another Member of the Council chosen by the Members of the Council shall preside.
- 10.4 The person presiding at the meeting may exercise any power or duty of the Chairman in relation to the conduct of a meeting.

11. STANDING ORDER NO 11 - QUORUM

- 11.1 No business shall be transacted at a meeting of the Council unless at least one quarter of the whole number of Members of the Council be present.
- 11.2 If, during any meeting of the Council, the Chairman, after counting the number of Members present, declares that there is not a quorum present, the meeting shall stand adjourned.
- 11.3 The consideration of any business not transacted shall be adjourned to the next ordinary meeting of the Council.

12. STANDING ORDER NO 12 - RECORD OF ATTENDANCES

All Members present during the whole or part of a meeting must sign their names on the attendance sheet before the conclusion of every meeting.

13. STANDING ORDER NO 13 - ORDER OF BUSINESS

Except as otherwise stated by the Chairman, the order of business at every Council meeting shall be –

- 13.1 To choose a person to preside if the Chairman and Vice Chairman be absent.
- 13.2 To hear Members of the public under public participation, to receive petitions and deputations made by the public, a total of 30 minutes in total being allotted for this agenda item
- 13.3 To receive petitions presented by Members.
- 13.4 To receive any declarations of interest.
- 13.5 To approve as a correct record and sign the minutes of the previous meeting of Council.
- 13.6 To receive motions on notice by members.

- 13.7 To dispose of business (if any) remaining from the previous meeting.
- 13.8 To receive the four-monthly schedule of work presented by the Executive.
- 13.9 To consider the four monthly reports of the Policy and Scrutiny Panel(s)
- 13.10 To deal with Question Time.
- 13.11 To deal with matters referred from the Executive.
- 13.12 To deal with matters referred from the Policy and Scrutiny Panels.
- 13.13 To deal with any other business.

14. STANDING ORDER NO 14 - MOTIONS ON NOTICE

- 14.1 Except for motions which may be moved without notice under Standing Order 15, written notice of every motion, signed by the Member giving notice, must be delivered to the Proper Officer not later than 7 clear working days before the date of the meeting. (These will be entered in a book open to public inspection).
- 14.2 Motions for which notice has been given will be listed on the agenda in the order in which notice was received, unless the Member giving notice states, in writing that they propose to move it to a later meeting or withdraw it.
- 14.3 Motions must be about matters for which the Council has a responsibility or which affect the District.
- 14.4 Motions shall be debated at the meeting of the Council if seven Members present indicate support for such debate. The Chairman must allow a reasonable amount of time for debate. Each motion shall be seconded before it is debated. A decision may be made at the conclusion of the debate or, at the Chairman's discretion, the motion may be forwarded to the Executive or the relevant Policy and Scrutiny Panel for their comments prior to any decision being made at a subsequent meeting of the Council. Following debate, it may be decided that a resolution of the Council is unnecessary.

15. STANDING ORDER NO 15 - MOTIONS MOVED WITHOUT NOTICE

Matters which may be moved by a Member of the Council during the meeting

- 15.1 The following matters may be moved without notice on the agenda by Members during the meeting for the Chairman's ruling:-
 - 15.1.1 Appointment of a Chairman of the meeting at which the motion is made.
 - 15.1.2 The accuracy of the minutes.

- 15.1.3 Appointment of a Committee or Members thereof.
- 15.1.4 Adoption of statutory plans.
- 15.1.5 Adoption of the reports of the Policy and Scrutiny Panels and the Schedule of work of the Executive.
- 15.1.6 That leave be given to withdraw a matter raised.
- 15.1.7 Extending the time limit for speeches.
- 15.1.8 Amendments to matters raised.
- 15.1.9 That the Council proceeds to the next business.
- 15.1.10 That the question be put.
- 15.1.11 That the debate be adjourned.
- 15.1.12 That the Council adjourn.
- 15.1.13 Suspending Standing Orders in accordance with Standing Order No. 40
- 15.1.14 To resolve under Section 100A of the Local Government Act 1972 to exclude the public.
- 15.1.15 That a Member named under Standing Order No.19 be not further heard or leave the meeting.

16. STANDING ORDER NO 16 - PRESENTATION OF PETITIONS BY MEMBERS

Requirement(s) for Valid Petition

- 16.1 At a meeting of the Council, any Member of the Council may present a petition which is signed by persons other than a Member of the Council and which is relevant to any matter in relation to which the Council has powers or duties and which affects the District, or the inhabitants of that area or some of them. The Member presenting the petition shall be satisfied that the petition is proper to be received.

Notice of Petition

- 16.2 A Member wishing to present a petition shall give notice of intention to do so to the appropriate officer to act as Assistant Director Legal and Governance not later than 12 noon on the day of the meeting at which he/she wishes to present it. The petition shall not be accepted unless the appropriate officer to act as Assistant Director Legal and Governance has satisfied himself that the petition is proper to be presented.

Presentation of Petition

- 16.3 The presentation of a petition shall be confined to describing the Subject of the petition and indicating the number and description of the signatories, Subject to a time limit of three minutes for such presentation.

Action by Council on Petition

- 16.4 The Chairman shall either refer the petition to the next Council meeting or to the appropriate Committee(s), Sub-Committees, the Executive, an Executive Member or officers.

Petitions by Employees

- 16.5 The Council will not receive petitions from its employees acting in that capacity.
- 16.6 No member may, under the provisions of this Standing Order, present or speak to any petition which relates to any application for any statutory permission, licence or consent or any actual or proposed legal or enforcement action.

17. STANDING ORDER NO 17 – PUBLIC PARTICIPATION AND PRESENTATION OF PETITIONS BY THE PUBLIC

- 17.1 The presentation of Petitions and Deputations by the public will be held at the start of meetings of the Council, except where an item of business is required to be dealt with first, for example, the appointment of a Member to preside in the absence of the Chairman and Vice-Chairman.
- 17.2 The time allotted for this section of the meeting shall not exceed thirty (30) minutes. The Chairman of the meeting shall determine the length of time to be allotted to each speaker with a maximum time limit per speaker of five (5) minutes for Public Participation and Deputations and three (3) minutes for Petitions. The Chairman of the meeting will select the order in which matters are to be dealt with.
- 17.3 All Public Participation by the public shall be subject to the Chairman's right to stop participation if the participant is not conducting themselves appropriately. Despite the individual's right to freedom of speech if in the opinion of the Chairman the participation is abusive or offensive the Chairman will have the ability to stop the participant from participating.

PUBLIC PARTICIPATION

- 17.4 Public Participation shall be limited to residents, business rate payers and electors of the area of the Council at the discretion of the Chairman and shall be in respect of any matter in relation to which the Council has powers or duties and, which affects the district or its inhabitants.

- 17.5 Requests for Public Participation must be submitted in writing to the appropriate officer to act as Assistant Director Legal and Governance to arrive by 12.00 noon on the working day before the Council meeting. Requests must contain details of the Subject matter within the remit of the Council.
- 17.6 A Member of the public shall be limited to speak for five (5) minutes on the Subject matter which has previously been notified to the Assistant Director Legal and Governance. The Chairman will respond in an appropriate way if necessary.
- 17.7 That the Chairman shall ensure that the relevant officer or member provides a written response to a member of the public who poses questions during public participation when a response cannot be dealt with in the time allocated.
- 17.8 The Chairman may refuse to hear participation which is not proper or relevant to the meeting. Where a public speaker has made defamatory or personally offensive or abusive statements about an individual, the Chairman shall have power to rule that the person be not heard and that that person be required to provide a written transcript in advance of any future address.
- 17.9 No question or comment shall be permitted under these procedures where it would result in either:-
- 17.9.1 the likely disclosure of exempt or confidential information, or
- 17.9.2 participation by its employees concerning matters related to their own or a colleague's employment

"Exempt" and "Confidential" shall have the same meanings for this purpose as they have under the access to information provisions contained in the Local Government Act 1972 and the ruling of the appropriate officer to act as Assistant Director Legal and Governance following consultation with the relevant Chairman, shall be conclusive in this regard.

PETITIONS

Requirement(s) for Valid Petition

- 17.10 At a meeting of the Council, any person resident in, or business ratepayer or a local government elector for the area of the Council, may present a petition which is relevant to any matter in relation to which the Council has powers or duties and which affects the District, or part of it, or the inhabitants of that area, or some of them. Only such persons may take part in the deputation.

Prohibited Subjects for Petitions

- 17.11 No person may, under the provisions of this Standing Order, present or speak to any petition which relates to any application for any statutory permission, licence or consent or any actual or proposed legal or enforcement action.

Notice of Petition

- 17.12 By noon at least seven working days before the meeting of the Council at which the petition is to be presented, the person wishing to present it shall give notice in writing of his/her intention to do so to the appropriate officer to act as Assistant Director Legal and Governance and shall show the petition to him. The Notice of intention to present a petition shall not be accepted unless the appropriate officer to act as Assistant Director Legal and Governance has satisfied himself the petition is proper to be presented.

Presentation of Petition

- 17.13 The presentation of a petition shall be limited to not more than three (3) minutes and shall be confined to describing the Subject of the petition, indicating the number and description of the signatories and making such further supporting remarks relevant to the petition as the person presenting it shall think fit provided that such presentation does not include a personal attack upon any person.

Action by Council on Petition

- 17.14 The Chairman shall, without debate, either refer the petition to the appropriate Committee(s), Sub-Committee(s), or the Executive or the Executive Member or Officer(s).

Petitions by Employees

- 17.15 The Council shall not receive petitions from its employees acting in that capacity.

STANDING ORDER 17A – PUBLIC SPEAKING AT PLANNING AND REGULATORY COMMITTEE(S)

- 17.16 This Standing Order applies to the Planning and Regulatory Committee when determining planning applications. [Standing Order 17 applies to business of the Planning and Regulatory Committee other than when determining planning applications](#)
- 17.17 Public speaking about applications for planning permission will be allowed at the start of [the meeting relevant agenda items](#) in accordance with the following modifications.
- 17.18 Notifications to speak, indicating whether the speaker supports or objects to the application, must be made in writing to the Assistant Director Legal and Governance by 12 noon the working day before the meeting.
- 17.19 If both the applicant and supporters of the application are present, the applicant may speak or defer to a supporter

17.20 If there is more than one person wishing to object to an application, the Chairman will invite those persons to agree a spokesperson among themselves. In default of agreement the Chairman may select one person to speak.

17.21 Public speaking ~~at the meeting about applications for planning permission~~ will be limited to three minutes per applicant and/or supporter and three minutes for the objectors. Each speaker will only be permitted to address the committee once and will not be able to participate further during consideration of the item.

17.22 The Committee will hear those speaking at the meeting in the following order unless the Chairman considers it preferable in conducting the business of the Council to hear speakers in a different order:- the speaker against the application first and the applicant or their supporter second.

~~17.23 The time limit in Standing Order 17 (2) shall not apply. Public speaking on planning applications shall normally be for any period up to 30 minutes in total, but where there are large numbers of people wishing to speak the Chairman shall have discretion to reduce the time allowed for each speaker or exceptionally to allow more time in excess of the 30 minutes in total.~~

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18. STANDING ORDER NO 18 – QUESTIONS

If any question arises on any matter which falls within any of the categories of exempt information within the meaning of section 100A and schedule 12A of the 1972 Act, it shall be considered by the Council after the public has been excluded from the meeting by a resolution, unless the Council otherwise resolves.

If any question under this Standing Order gives rise to a written answer, that answer shall be sent to the Member posing the question and recorded in full in the minutes of the meeting to enable all Members to view it.

Question Time

18.1 The Chairman of the Council shall invite Members to raise reasonable issues relevant to the work of the Executive or the Planning and Regulatory Committee, Employment, Licensing, Audit or Standards Sub-Committee.

18.2 Any Member raising an issue shall be afforded the opportunity and ask one supplementary question and receive an answer, or written reply, to such supplementary question.

18.3 In the event of a Member exercising his or her right of comment, the Chairman of the Executive or Member responding on his/her behalf shall be afforded the opportunity for final observations on the Subject, and such observations shall conclude the matter.

18.4 No more than twenty minutes in total shall be devoted to Question Time provided that such period may be extended at the discretion of the Chairman.

19. STANDING ORDER NO - 19 - RULES OF DEBATE

No speeches until motion seconded

- 19.1 No speeches may be made after the mover has moved a proposal and explained the purpose of it, until the motion has been seconded.

Right to require motion in writing

- 19.2 Unless notice of the motion has already been given, the Chairman may require it to be written down and handed to him/her before it is discussed.

Secunder's Speech

- 19.3 A Member when seconding a motion or amendment may, if he then declares his intention to do so, reserve his speech until a later period of the debate.

Only one Member to stand at a time

- 19.4 A Member when invited by the Chairman to speak, shall stand and address the Chairman. If two or more Members indicate they wish to speak by raising their hand, the Chairman shall invite one to speak and the other or others shall if standing be seated. While a Member is speaking the other Members shall remain seated, unless rising to a point of order, a personal explanation, or on a point of information.

Content and length of speeches

- 19.5 A Member shall direct his speech to the question under discussion or to a personal explanation or to a point of order. No speech shall exceed five minutes, except by consent of the Chairman.

Amendments to Motions

- 19.6 An amendment shall be relevant to the motion and shall be: -

- 19.6.1 To refer wholly or partly a Subject of debate to a Committee for consideration or re-consideration.
- 19.6.2 To leave out words.
- 19.6.3 To leave out words and insert or add others.
- 19.6.4 To insert or add words.

But such omission, insertion or addition of words must have an effect which would not be achieved by the defeat of the motion.

- 19.7 Only one amendment may be moved and discussed at a time and no further amendment shall be moved until the amendment under discussion has been disposed of.

Notice of intention to move any further amendment and the nature thereof may, at the discretion of any Member, be given to the Chairman before a vote be taken on the amendment before the meeting.

The Chairman may permit two or more amendments to be discussed (but not voted on) together if circumstances suggest that this course would facilitate the proper conduct of the Council's business.

- 19.8 If an amendment be lost, other amendments may be moved on the original motion. If an amendment be carried, the motion as amended shall take the place of the original motion and shall become the motion upon which any further amendment may be moved.

Alteration to Motion

- 19.9 A Member may with the consent of the Council signified without discussion-

19.9.1 Alter a motion of which he has given notice, or

19.9.2 With the further consent of his seconder alter a motion which he has moved if (in either case) the alteration be one which could be made as an amendment thereto.

Withdrawal of Motion

- 19.10 A motion or amendment may be withdrawn by the mover with the consent of his seconder, which shall be signified without discussion, and no Member may speak upon it after the mover has asked permission for its withdrawal, unless such permission shall have been refused.

Right of Reply

- 19.11 The mover of a motion has a right to reply at the close of the debate on the motion, immediately before it shall be put to the vote. If an amendment is moved, the mover of the original motion shall also have a right of reply at the close of the debate on the amendment.

A Member exercising a right of reply shall confine himself to answering previous speakers, and shall not introduce new matter. The Chairman's ruling in this regard shall be final.

After every reply to which this Standing Order refers a decision shall be taken without further discussion.

The mover of an amendment to a motion shall have a right of reply at the conclusion of the debate on that amendment which shall be exercised immediately prior to the reply by the proposer of the original motion.

Motions which may be moved during Debate

19.12 When a motion is under debate no other motion shall be moved except the following -

19.12.1 To amend the motion.

19.12.2 To adjourn the meeting.

19.12.3 To adjourn the debate.

19.12.4 To proceed to the next business.

19.12.5 That the question be now put.

19.12.6 That a Member be not further heard (for reasons to be specified by the mover of the motion).

19.12.7 By the Chairman under Standing Order No. 36 that a Member do leave the meeting.

19.12.8 A motion under Section 100A of the Local Government Act 1972 to exclude the public.

Closure Motions

19.13 A Member may move without comment at the conclusion of a speech of another Member "That the Council proceed to the next business",

"That the question be now put",

"That the debate be now adjourned", or

"That the Council do now adjourn",

on the seconding of which the Chairman shall proceed as follows:-

19.13.1 On a motion to proceed to next business: unless in his opinion the matter before the meeting has been insufficiently discussed, he shall first give the mover of the original motion a right of reply, and then put to the vote the motion to proceed to the next business.

19.13.2 On a motion that the question be now put: unless in his opinion the matter before the meeting has been insufficiently discussed, he shall first put to the vote the motion that the question be now put, and if it be passed then give the

mover of the original motion his right of reply under paragraph (11) of this standing order before putting his motion to the vote.

- 19.13.3 On a motion to adjourn the debate or the meeting: if in his opinion the matter before the meeting has not been sufficiently discussed and cannot reasonably be sufficiently discussed on that occasion, he shall put the adjournment motion to the vote without giving the mover of the original motion his right of reply on that occasion.

Points of Order, Points of Personal Explanation, Points of Information

- 19.14 A Member may rise on a point of order or in personal explanation and shall be entitled to be heard forthwith and may also rise on a point of information in which case he shall only be entitled to be heard if the Member speaking gives way and shall not be heard for more than one minute.
- 19.14.1 A "Point of Order" shall relate only to an alleged breach of a standing order or statutory provision and the Member shall specify the standing order or statutory provision and the way in which he considers it has been broken.
- 19.14.2 A "Personal Explanation" shall be confined to some material part of the Member's former speech which may appear to have been misunderstood in the present debate.
- 19.14.3 A "Point of Information" shall be confined to when any Member moves to challenge the factual accuracy of any other Member's speech.
- 19.15 The ruling of the Chairman on a point of order, or on the admissibility of a personal explanation or a point of information shall be final.

Respect for Chair

- 19.16 Whenever the Chairman rises during a debate, a Member then standing shall resume his seat and the Council shall be silent.

20. STANDING ORDER NO 20 - MATTERS REFERRED TO EXECUTIVE OR POLICY AND SCRUTINY PANEL

- 20.1 Any matter which is before the Executive for determination can be referred to Council by the Executive and the Executive shall explain whether the referral is for decision or comment.
- 20.2 Any matter which is before the Policy and Scrutiny Panels can be referred to Council by that Panel. If the Council wishes and if it is legally possible to do so the Council can determine the matter. The Council shall consider and respond to a formal Councillor Call for Action within two months of receiving the reference and indicate what action (if any) it proposes to take on the matter.

- 20.3 A matter is referred to Council by the Executive or Policy and Scrutiny Panel by a vote of the Members of the Executive or Policy and Scrutiny Panel referring the matter.

21. STANDING ORDER 21 – ANNUAL REPORTS OF THE POLICY AND SCRUTINY PANELS

- 21.1 Every year a report of the Policy and Scrutiny Panel(s) shall be presented to Council giving brief details of the work that each of the Policy and Scrutiny Panel(s) has undertaken during the previous year.
- 21.2 After the Chairman of the Policy and Scrutiny Panel has presented the report of that Panel to Council, other Members of the Council not part of that Panel may ask the Chairman questions on the report which has been presented on the work of that Policy and Scrutiny Panel.
- 21.3 If a question is put to the Chairman of the Policy and Scrutiny Panel which cannot be answered at the meeting, a written reply can be sent by the Chairman, following the Council meeting, to the Member concerned.

22. STANDING ORDER 22 – DISPUTE RESOLUTION

- 22.1 Where the Executive has Submitted a draft plan or strategy to the Council for its consideration, and following consideration of the draft by Council it has objections to the draft, the Council must before it amends, approves or adopts such a plan or strategy, inform the Leader of the objections together with instructions requiring the Executive to reconsider the draft plan or strategy in the light of those objections.
- 22.2 Where the Council gives instructions to the Leader in accordance with 22.1 above it must specify a period of at least 5 working days from the instruction being given to the Leader after which time a response will be required.
- 22.3 The Leader may
- 22.3.1 Submit to the Council a revision of the draft plan or strategy as amended by the Executive with the Executive's reasons for any amendments or
- 22.3.2 inform the Council of any disagreement that the Executive has with any of the Council's objections and the reason for any disagreement.
- 22.4 Once the period given in 22.2 above for the Executive's comments has expired, the Council must when amending, approving or adopting the draft plan or strategy or the revised draft plan or strategy, take into account any amendments made to the draft plan or strategy that are included in any revised draft, the Executive's reasons for those disagreements which the Leader has Submitted to the Council within the period specified.

- 22.5 Before the 8th February in any financial year the Executive will Submit to the Council for its consideration in relation to the following financial year
- 22.5.1 estimates of the amounts to be aggregated in making a calculation in accordance with any of sections 32 to 37 or 43 to 49 of the Local Government and Finance Act 1992
- 22.5.2 estimates of other amounts to be used for the purpose of such calculation
- 22.5.3 estimates of such calculation or
- 22.5.4 amounts required to be stated in a precept under Chapter IV of Part 1 of the Local Government and Finance Act 1992
- and following consideration of those estimates or amounts the Council has any objections to them and wishes to alter or amend any of them it must inform the Leader of any objections which it has to the Executive's estimates or amounts and must give the Leader instructions requiring the Executive to reconsider, in the light of these objections, the estimates and amounts in accordance with the Council's requirements.
- 22.6 Where the Council gives instructions to the Executive in accordance with 22.5 above it must specify a period of at least 5 working days from when the Leader receives the instructions on behalf of the Executive within which time the Leader must
- 22.6.1 Submit a revision of the estimates or amounts as amended by the Executive which have been reconsidered in the light of the Council's requirements with the Executive's reasons for amendments
- 22.6.2 Inform the Council of any disagreement that the Executive has with the Council's objections and the Executive's reasons for such disagreement.
- 22.7 When the period specified in 22.6 above has expired the Council must when making calculations in accordance with those referred to in 22.5 above or issuing a precept under Chapter IV of Part 1 of the Local Government Finance Act 1992 take into account
- 22.7.1 any amendments to estimates or amounts that are included in any revised estimates or amounts
- 22.7.2 the Executive's reasons for those amounts
- 22.7.3 any disagreement that the Executive has with the Council's objections and
- 22.7.4 the Executive's reasons for that disagreement

which the Leader Submitted to Council or informed the Council of within the specified period

(Note : the above procedure does not apply to calculations or Substitute calculations which the Council is required to make in accordance with 52I,52J,52T, or 52U of the Local Government Act 1992 and amounts stated in precepts issued to give effect to calculations or Substitute calculations made in accordance with Section 52J or 52 U of that Act)

22A. STANDING ORDER 22A

Immediately after any vote at the budget decision meeting of an authority there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

(Note: "budget decision" meeting of the relevant body at which it -
(i) makes a calculation (whether originally or by way of substitute) in accordance with any of sections 31A, 31B, 34 to 36A, 42A, 42B, 45 to 49, 52ZF, 52ZJ of the Local Government Finance Act 1992; or (ii) issues a precept under Chapter 4 of Part 1 of that Act, and includes a meeting where making the calculation or issuing the precept as the case may be/was included as an item of business on the agenda for that meeting; references to a vote are references to a vote on any decision related to the making of the calculation or the issuing of the precept as the case may be.)

23. STANDING ORDER NO 23 - VOTING

- 23.1 Subject to the provisions of any enactment all questions coming or arising before the Council shall be decided by a majority of the Members of the Council present and voting.
- 23.2 Subject to those provisions in the case of equality of votes, the person presiding at the meeting shall have a second or casting vote.
- 23.3 The mode of voting at meetings of the Council shall be by show of hands; provided that on the requisition of any Member of the Council made before the vote is taken (and supported by six Members who signify their support by rising in their places) the voting on any question shall be by roll-call and shall be recorded so as to show how each Member present and voting gave his vote. The name of any Member present and not voting shall also be recorded.
 - 23.3.1 Where immediately after a vote has been taken at a meeting of a relevant body any Member of that body so requires, there shall be recorded in the minutes of the proceedings of that meeting whether that person cast his vote for the question or against the question or whether he abstained from voting.
 - 23.3.2 In this paragraph "relevant body" means the Authority, a Committee or Sub-Committee of the Authority or a relevant Joint Committee or Sub-Committee of such a Committee.

24. STANDING ORDER NO 24 - VOTING ON APPOINTMENTS

Where there are more than two persons nominated for any position to be filled by the Council, and of the votes given there shall not be a majority in favour of one person, the name of the person having the least number of votes shall be struck off the list and a fresh vote shall be taken, and so on until a majority of votes be given in favour of one person.

25. STANDING ORDER NO 25 - MINUTES

- 25.1 Minutes of the proceedings of a meeting of the Council shall, Subject to Sub-paragraph 25.3 below, be drawn up and entered in a book kept for that purpose and shall be signed at the same or next following meeting of the Council by the person presiding thereat, and any minute purporting to be so signed shall be received in evidence without further proof.
- 25.2 Where in relation to any meeting of the Council the next such meeting is a meeting called under paragraph 3 (extraordinary meetings) or Schedule 12 of the Local Government Act 1972, the next following meeting of the Authority (being a meeting called otherwise than under that paragraph) shall be treated as a suitable meeting for the purposes of paragraph 41(1) and (2) (signing of minutes) of that Schedule (a).
- 25.3 Notwithstanding anything in any enactment or rule of law to the contrary, the minutes of the proceedings of meetings of the Council may be recorded on loose leaves consecutively numbered, the minutes of the proceedings of any meeting being signed, and each leaf comprising those minutes being initialled, at the same or next following meeting of the Council, by the person presiding thereat, and any minute purporting to be so signed shall be received in evidence without further proof.
- 25.4 Until the contrary is proved, a meeting of the Council, a minute of whose proceedings has been made and signed in accordance with this paragraph, shall be deemed to have been duly convened and held, and all the Members present at the meeting shall be deemed to have been duly qualified.
- 25.5 The Chairman shall put the question that the minutes of the meeting of the Council held on the day of be approved as a correct record.
- 25.6 No discussion shall take place upon the minutes, except upon their accuracy, and any question of their accuracy shall be raised by motion. If no such question is raised, or if it is raised then as soon as it has been disposed of, the Chairman shall sign the minutes.

26. STANDING ORDER NO 26 - EXCLUSION OF PRESS AND PUBLIC

If Council, the Executive, Committee or Sub-Committee pass a resolution pursuant to Section 100A of the Local Government Act 1972 to exclude the press and public from the whole or part of their proceedings, then the effect of such resolution shall extend to Members of the Council present at the meeting who are not Members of the Committee or Sub-Committee concerned: provided that, except when the Committee or Sub-

Committee are acting in a judicial or quasi-judicial capacity, such Members of the Council shall be permitted to remain if invited to do so by resolution of the Committee or Sub-Committee.

27. STANDING ORDER NO 27 - SCHEME OF DELEGATION

The Council shall approve a scheme for the delegation of its planning and regulatory functions detailed in Part 3 of the Constitution.

28. STANDING ORDER NO 28 - APPOINTMENT OF COMMITTEES, SUB COMMITTEES AND PANELS

- 28.1 The Council shall approve a scheme for the allocation of seats on Committees, Sub-Committees and Panels to political groups and to Councillors who are not Members of a political group in accordance with the requirements of Section 15 of the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990.
- 28.2 The appointment of Members to Committees and Policy and Scrutiny Panels shall be in accordance with the Local Government (Committees and Political Groups) Regulations 1990 and in the manner prescribed by the Council's Scheme of Delegation.

Review of Political Balance

- 28.3 Whenever the Council shall be required to review the allocation of seats on Committees/Sub-Committees and Panels to Political Groups or the Council resolves to carry out such a review, the Assistant Director Legal and Governance shall Submit a report to the Council showing what allocation of seats would in his/her opinion best meet the requirements of Section 15(4) of the 1989 Act.
- 28.4 In the light of such a report the Council shall determine the allocation of the seats to the Political Groups.

29. STANDING ORDER NO 29 - ELECTION OF CHAIRMAN AND VICE CHAIRMAN OF COMMITTEES

- 29.1 Unless such appointments have been made previously by the Council, every Committee shall, at its first meeting before proceeding to any other business, elect a Chairman for the year ("the Chairman") and may at any time elect a Vice-Chairman ("the Vice-Chairman") providing that in the event of the position of Chairman falling vacant before the end of the year, the Committee shall at its first meeting after the vacancy has occurred, before proceeding to any other business, elect a Chairman for the remainder of the year.
- 29.2 In the event of any Committee, Sub-Committee or Panel not so electing a Chairman, the meeting of the Committee, Sub-Committee or Panel shall

automatically stand adjourned unless a Chairman can be elected for the duration of that meeting. The election of a Chairman for the Committee, Sub-Committee or Panel shall then be placed on the agenda of the next Committee, Sub-Committee or Panel meeting where the Committee, Sub-Committee or Panel shall elect a Chairman and may appoint a Vice-Chairman failing which the meeting shall again stand adjourned, unless a Chairman can be elected for the duration of the meeting (and so on).

- 29.3 If the Chairman of the Committee or Sub-Committee as appropriate be present at its meeting he/she shall preside or, in the event of his/her absence or inability to act the Vice-Chairman.
- 29.4 If it shall be necessary at any meeting for a Committee, Sub-Committee or Panel to appoint a person to preside for the duration of the meeting, the Assistant Director Legal and Governance shall call upon a Member of the Committee, Sub-Committee or Panel to move that a voting Member of the Committee, Sub-Committee or Panel shall be Chairman for the duration of the meeting. If discussion arises the Assistant Director Legal and Governance shall exercise the powers of the person presiding to regulate that discussion and to maintain order at that meeting.
- 29.5 A Shadow Chairman for the purposes of these Standing Orders may be nominated by any political group, not being the group of which the Chairman is a Member. This nomination shall be delivered to the Assistant Director Legal and Governance signed by the Leader of the political group or his deputy. The Member who is to be Shadow Chairman shall be recognised as such by the Committee or Sub-Committee in question.

30. STANDING ORDER 30 - COMMITTEE SUBSTITUTION

Where a Member shall be unable to attend a meeting he/she may be substituted and, in such circumstances, the following procedures shall apply:

- 30.1 Notice of a substitution of a Member on a Committee, Policy and Scrutiny Panel, or other properly constituted body of Members shall be given to the appropriate officer to act as Assistant Director Legal and Governance prior to the meeting of that body.
- 30.2 Notice of substitution shall be given by the Leader of the appropriate political group only or, in his absence, by the duly appointed Deputy Leader.
- 30.3 Where a Member is not a Member of a Group, notice of substitution shall be given by the Member to be substituted.
- 30.4 Notice of substitution shall specify the period during which the Member will be substituted and such period shall be at least for the duration of the meeting/appointment.
- 30.5 Notice of substitution shall be in writing, where possible, and signed by the person giving such notice.

- 30.6 Notice of substitution shall be given prior to the dispatch of the relevant agenda, where possible.
- 30.7 During the period of substitution the substitute Member shall be deemed to be a full Member of the relevant body for all purposes.
- 30.8 At the commencement of any meeting of such a body where a substitution has taken place the Members of that body shall be advised of the substitution.

(Note: This scheme shall not apply to any Committee or body constituted on a geographical basis or Executive meetings).

31. STANDING ORDER NO 31 - SPECIAL MEETINGS OF COMMITTEE

- 31.1 The Chairman of a Committee or the Chairman of the Council may call a special meeting of the Committee at any time. A special meeting shall also be called on the requisition of a quarter of the whole number of the Committee, delivered in writing to the appropriate officer to act as Assistant Director Legal and Governance, but in no case shall fewer than three Members requisition a special meeting. The summons to the special meeting shall set out the business to be considered thereat and no business other than that set out in the summons shall be considered at that meeting.
- 31.2 A summons to attend a meeting of a Committee or a Sub-Committee or a special meeting of a Committee or a Sub-Committee shall, except in the case of emergency, be given not less than three clear days before the meeting.

32. STANDING ORDER NO 32 - QUORUM OF COMMITTEES AND SUB-COMMITTEES

- 32.1 Except where authorised by a statute or ordered by the Council, business shall not be transacted at a meeting of any Committee unless at least one quarter of the whole number of the Committee shall be present.
- 32.2 Provided that in no case shall the quorum of a Committee be less than three Members.
- 32.3 Except as aforesaid or otherwise ordered by the Committee which has appointed it, business shall not be transacted at a meeting of any Sub-Committee unless at least one quarter of the whole number of the Sub-Committee shall be present.
- 32.4 Provided that in no case shall the quorum of a Sub-Committee be less than two Members.

33. STANDING ORDER NO 33 - COMMITTEE AND SUB-COMMITTEE MINUTES AND VOTING

- 33.1 Until the contrary is proved, where a minute of any meeting of any such Committee or Sub-Committee has been made and signed, the Committee or Sub-Committee shall be deemed to have been duly constituted and to have had power to deal with the matters referred to in the minute, the meeting shall be deemed to have been duly convened and held and the Members present at the meeting shall be deemed to have been duly qualified.
- 33.2 Voting at a meeting of a Committee or Sub-Committee shall be by show of hands. Provided that any Member of a Committee or Sub-Committee may require before the vote is taken that the voting on any question shall be recorded so as to show the number of Members voting for or against a motion and the number abstaining. Any Member of a Committee or Sub-Committee may also require before the vote shall be taken (and supported by four Members who signify their support by show of hands) that the voting shall be by roll call and shall be recorded so as to show how each Member present and voting gave his vote and those Members who abstained.

34. STANDING ORDER NO 34 - STANDING ORDERS TO APPLY TO COMMITTEES AND SUB-COMMITTEES

All Standing Orders shall, with any necessary modifications, apply to the Planning and Regulatory Committee and its Sub-Committees, Employment, Licensing and Audit Committees

STANDING ORDER NO 34A – STANDING ORDERS TO APPLY TO STANDARDS SUB-COMMITTEE

All standing orders shall, with any necessary modifications, apply to the Standards Sub-Committee except Standing Orders 28 and 30.

35. STANDING ORDER NO 35 - MOTIONS AFFECTING PERSONS EMPLOYED BY THE COUNCIL

If any question arises at a meeting of the Council (or of a Committee thereof to which Section 100A of the Local Government Act 1972 applies) as to the appointment, promotion, dismissal, salary, superannuation or conditions of service, or as to the conduct of any person employed by the Council, such question shall not be the Subject of discussion until the Council or Committee, as the case may be, has decided whether or not the power of exclusion of the public under section 100A of the Local Government Act 1972 shall be exercised.

36. STANDING ORDER NO 36 - DISORDERLY CONDUCT

- 36.1 If at a meeting any Member of the Council, in the opinion of the Chairman notified to the Council, misconducts himself by persistently disregarding the ruling of the Chairman, or by behaving irregularly, improperly or offensively, or by wilfully obstructing the business of the Council, the Chairman or any other Member may move "that the Member named be not further heard", and the motion if seconded shall be put and determined without discussion.

Continued Misconduct by a named Member

- 36.2 If the Member named continues his misconduct after a motion under the foregoing paragraph has been carried the Chairman shall -

EITHER move "that the Member named do leave the meeting" (in which case the motion shall be put and determined without seconding or discussion):

OR adjourn the meeting of the Council for such period as he in his discretion shall consider expedient.

General Disturbance

- 36.3 In the event of general disturbance, which in the opinion of the Chairman renders the due and orderly despatch of business impossible, the Chairman in addition to any other power vested in him may, without question put, adjourn the meeting of the Council for such period as he in his discretion shall consider expedient.

Disturbance by Members of the Public

- 36.4 The provisions of Section 100A are without prejudice to any power of exclusion to suppress or prevent disorderly conduct or other misbehaviour at a meeting.
- 36.5 If a Member of the public interrupts the proceedings at any meeting the Chairman shall warn him. If he continues the interruption the Chairman shall order his removal from the Council Chamber. In case of general disturbance in any part of the chamber open to the public, the Chairman shall order that part to be cleared.

37. STANDING ORDER NO 37 - INTERESTS OF MEMBERS

- 37.1 Where any Member or co-opted Member has given notice to the Monitoring Officer of a pecuniary interest (as defined by the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012) on his or her part or on the part of his or her partner, and is thereby relieved of the statutory duty to declare that interest at a meeting at which the interest or other matter affecting that interest is to be considered, the Member or co-opted Member shall nevertheless orally remind the meeting of that interest. The Member shall do this either at the point in the agenda when declarations of interests are requested or as soon as they become aware that an item involves a disclosable pecuniary interest of theirs or their partner. Any such declaration shall be recorded in the minutes.
- 37.2 Where any Member has declared a disclosable pecuniary interest, whether by giving notice to the Monitoring Officer, or by making an oral declaration at the meeting, the Member shall withdraw from the room in which the meeting is being held while the matter is under consideration, unless they have before the

meeting at which the disclosable pecuniary interest is to be discussed, been given a dispensation from the Standards Sub Committee.

38. STANDING ORDER NO 38 - INTERESTS OF OFFICERS IN CONTRACTS

- 38.1 If it comes to the knowledge of an officer employed by the Council that a contract in which he has any pecuniary interest whether direct or indirect (not being a contract to which he is himself a party) has been or is proposed to be entered into by the Council or any Committee thereof, he shall as soon as practicable, give notice in writing to the authority of the fact that he is interested therein.
- 38.2 An officer of a Local Authority shall not under colour of his office or employment, accept any fee or reward whatsoever other than his proper remuneration.

39. STANDING ORDER NO 39 - RECORD OF INTERESTS

The appropriate officer to act as Assistant Director Legal and Governance shall record in a book to be kept for the purpose particulars of any declaration or notice of a pecuniary interest in a contract, and the book shall be open during office hours to the inspection of any Member of the Council.

40. STANDING ORDER NO 40- SUSPENSION AND AMENDMENT OF STANDING ORDERS

- 40.1 Any of the preceding Standing Orders may be suspended so far as regards any business at the meeting where its suspension is moved.
- 40.2 A motion to suspend Standing Orders shall not be moved without notice unless there shall be present at least one half of the whole number of the Members of the Council.
- 40.3 Any motion to add to, vary or revoke these Standing Orders will when proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Council.

41. STANDING ORDER NO 41 - INTERPRETATION OF STANDING ORDERS

The ruling of the Chairman as to the construction or application of any of these standing orders, or as to any proceedings of the Council shall not be challenged at any meeting of the Council.

ACCESS TO INFORMATION PROCEDURE RULES

1. Scope

These rules apply to all meetings of the Council, Policy and Scrutiny Panels, Area Committees, the Planning and Regulatory Committee and its sub-committees, Employment, Licensing and Audit Committees and public meetings of the Executive (together called meetings).

2. Additional rights of information

These rules do not affect any more specific rights to information contained elsewhere in the Constitution or the law.

3. Rights to attend meetings

Members of the public may attend all meetings Subject only to the exceptions in these rules.

4. Notice of meetings

The Council will give at least five clear working days notice of any meetings by posting details of the meeting at the Town Hall, Weston-super-Mare, the designated office.

5. Access to the agenda and reports before the meeting

The Council will make copies of the agenda and reports open to the public available for inspection at the designated office at least five clear working days before the meeting. If an item is added to the agenda later, the revised agenda (where the reports have been prepared after the summons has been sent out, the designated officer shall make each report available to the public as soon as the report is completed and sent to the Councillors) will be open to inspection from the time the item was added to the agenda.

6. Supply of copies

The Council will supply copies of:

- 6.1.1 any agenda and reports which are open to the public for inspection;
- 6.1.2 any further statements or particulars necessary to indicate the nature of the items on the agenda; and
- 6.1.3 if the Proper Officer thinks fit, copies of any other documents supplied to the Councillors in connection with an item

to any person on payment of a charge for postage and any other costs, such as photocopying.

7. Access to minutes etc. after the meeting

The Council will make available copies of the following for six years after the meeting:

- 7.1 the minutes of the meeting or records of decisions taken, together with reasons, for all meetings of the Executive, excluding any part of the minutes of proceedings when the meeting was not open to the public or which disclose exempt or confidential information;
- 7.2 a summary of any proceedings not open to the public where the minutes open to the inspection would not provide a reasonably fair and coherent record;
- 7.3 the agenda for the meeting; and
- 7.4 reports relating to items when the meeting was open to the public.

8. Background papers

8.1 List of background papers

The Proper Officer will set out in every report a list of those documents (called background papers) relating to the Subject matter of the report which in his/her opinion:

- 8.1.1 disclose any facts or matters on which the report or an important part of the report is based; and
 - 8.1.2 which have been relied on to a material extent in preparing the report
- but does not include published works or those which disclose exempt or confidential information (as defined in rule 10) and in respect of Executive reports the advice of a political advisor.

8.2 Public inspection of background papers

The Council will make available for public inspection for four years after the date of the meeting one copy of each of the documents on the list of background papers.

9. Exclusion of access by the public to meetings

9.1 Confidential information - requirement to exclude public

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

9.2 Exempt information - discretion to exclude public

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

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

9.3 Meaning of confidential information

Confidential information means information given to the Council by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

9.4 Meaning of exempt information

Exempt information means information falling within the following 7 categories (Subject to any condition):

- 9.4.1 Information relating to any individual.
- 9.4.2 Information which is likely to reveal the identity of an individual.
- 9.4.3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 9.4.4 Information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matter arising between the authority, or a minister of the Crown and employees of, or office holders under, the authority.
- 9.4.5 Information in respect of which a claim to legal privilege could be maintained in legal proceedings.
- 9.4.6 Information which reveals the authority proposes -
- 9.4.7 to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
- 9.4.8 to make an order or direction under any enactment
- 9.5 Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

10. Exclusion of access by the public to reports

If the Proper Officer thinks fit, the Council may exclude access by the public to reports which in his/her opinion relate to items during which, in accordance with

Rule 9 the meeting is likely not to be open to the public. Such reports will be marked "Not for publication" together with the category of information likely to be disclosed.

11. Application of rules to the Executive

Rules 12- 23 apply to the Executive and its Committees. If the Executive or its Committees meet to take a key decision then it must also comply with rules 1-10 unless Rule 14 (general exceptions) or Rule 15 (special urgency) apply. A key decision is defined in Article 11.1.8 of this Constitution.

If the Executive or its Committees meet to discuss a key decision to be taken collectively, with an officer other than a political assistant present, within 28 days of the date according to the forward plan by which it is to be decided, then it must be able to comply with Rules 1-10 unless Rule 14 (general exceptions) or Rule 15 (special urgency) apply. A key decision is defined in Article 11.1.8 of this Constitution. This requirement does not include meetings whose sole purpose is for officers to brief Members.

12. Procedure before taking a key decision

Subject to Rule 14 (general exceptions), a key decision may not be taken unless:

- 12.1.1 a notice (called here a forward plan) has been published in connection with the matter in question;
- 12.1.2 at least 5 clear working days have elapsed since the publication of the forward plan; and
- 12.1.3 where the decision is to be taken at a meeting of the Executive or its Committees, notice of the meeting has been given in accordance with Rule 4 (notice of meetings).

13. The forward plan

13.1 Period of forward plan

Forward plans will be prepared by the Leader to cover a period of four months, beginning with the first day of any month. They will be prepared on a monthly basis and Subsequent plans will cover a period beginning with the first day of the second month covered in the preceding plan.

13.2 Contents of forward plan

The forward plan will contain matters which the Leader has reason to believe will be Subject of a key decision to be taken by the Executive, a Committee of the Executive, individual Members of the Executive, officer or under joint arrangements in the course of discharging an Executive function during the

period covered by the plan. It will describe the following particulars in so far as the information is available or might reasonably be obtained:

- 13.2.1 the matter in respect of which a decision is to be made;
- 13.2.2 where the decision taker is an individual, his/her name and title, if any and where the decision taker is a body, its name and details of membership;
- 13.2.3 the identity of the principle groups whom the decision taker proposes to consult before taking the decision;
- 13.2.4 the means by which any such consultation process is proposed to be undertaken;
- 13.2.5 the steps any person might take who wishes to make representations to the Executive or decision taker about the matter in respect of which the decision is to be made, and the date by which those steps must be taken; and
- 13.2.6 a list of documents Submitted to the decision taker for consideration in relation to the matter.

The forward plan must be published at least 28 days before the start of the period covered.

13.3 Annual notification of the plan

The Proper Officer will publish once a year a notice in at least one newspaper circulating in the area, stating:

- 13.3.1 that key decisions are to be taken on behalf of the Council;
- 13.3.2 that a forward plan containing particulars of the matters on which decisions are to be taken will be prepared on a monthly basis;
- 13.3.3 that the plan will contain details of the key decisions to be made for the four-month period following its publication;
- 13.3.4 that each plan will be available for inspection at reasonable hours free of charge at the Council's main office at the Town Hall, Weston-super-Mare and public libraries;
- 13.3.5 that each plan will contain a list of the documents Submitted to the decision takers for consideration in relation to the key decisions on the plan;
- 13.3.6 the address from which, Subject to any prohibition or restriction on their disclosure copies of, or extracts from, any document listed in the forward plan is available;
- 13.3.7 that other documents may be Submitted to the decision takers;

- 13.3.8 the procedure for requesting details of documents (if any) as they become available; and
- 13.3.9 the dates on each month in the following year on which each forward plan will be published and available to the public at the Council's offices.

Exempt information need not be included in a forward plan and confidential information cannot be included.

14. General exceptions

If a matter which is likely to be a key decision has not been included in the forward plan, then Subject to Rule 15 (special urgency), the decision may still be taken if:

- 14.1.1 the decision must be taken by such a time that it is impracticable to defer the decision until it has been included in the next forward plan and until the start of the first month to which the next forward plan relates;
- 14.1.2 the Proper Officer has informed the Chairman of a relevant Policy and Scrutiny Panel, or if there is no such person, each Member of that Panel in writing, by notice of the matter to which the decision is to be made;
- 14.1.3 the Proper Officer has made copies of that notice available to the public at the offices of the Council; and
- 14.1.4 at least 5 clear working days have elapsed since the Proper Officer complied with 14.1.1 and 14.1.2.

Where such a decision is taken collectively it must be taken in public.

15. Special urgency

If by virtue of the date by which a decision must be taken Rule 14 (general exceptions) cannot be followed, then the decision can only be taken if the decision taker (if an individual) or the Chairman of the body making the decision, obtains the agreement of the Chairman of the relevant Policy and Scrutiny Panel that the taking of the decision cannot be reasonably deferred. If there is no Chairman of a relevant Policy and Scrutiny Panel or if the Chairman of each relevant Policy and Scrutiny Panel is unable to act, then the agreement of the Chairman of the Council, or in his/her absence the Vice-Chairman will suffice.

16. Report to Council

- 16.1 When a Policy and Scrutiny Panel can require a report

If a Policy and Scrutiny Panel thinks that a key decision has been taken which was not:

- 16.1.1 included in the forward plan or
- 16.1.2 the Subject of the general exception procedure or
- 16.1.3 the Subject of an agreement with a relevant Policy and Scrutiny Panel Chairman, or the Chairman or Vice Chairman of the Council under Rule 15, the Panel may require the Executive to Submit a report to the Council within such reasonable time as the Panel specifies. The power to require a report rests with the Panel, but is also delegated to the Proper Officer, who shall require such a report on behalf of the Panel when requested by the Chairman or any 5 Members. Alternatively the requirement may be raised by resolution passed at a meeting of the relevant Policy and Scrutiny Panel.

16.2 Executive's report to Council

The Executive will prepare a report for Submission to the next available meeting of the Council. However, if the next meeting of the Council is within 7 days of receipt of the written notice or the resolution of the Committee, then the report may be submitted to the meeting after that. The report to Council will set out particulars of the decision, the individual or body making the decision, and if the Leader is of the opinion that it was not a key decision the reasons for the decision.

16.3 Quarterly reports on special urgency decisions

In any event the Leader will submit quarterly reports to the Council on the Executive decisions taken in circumstances set out in Rule 15 (special urgency) in the preceding three months. The report will include the number of decisions so taken and a summary of the matters in respect of which those decisions were taken.

17. Record of Decisions

After any meeting of the Executive or any of its Committees, whether held in public or private, the Proper Officer or where no officer was present, the person presiding at the meeting, will produce a record of every decision taken at that meeting as soon as reasonably practicable. The record will include a statement of the reasons for each decision and any alternative option considered and rejected at that meeting.

18. Notice of meetings of the Executive

Members of the Executive or its Committees will be entitled to receive five clear working days' notice of a meeting to which they are summoned, unless the meeting is convened at shorter notice as a matter of urgency.

19. Decisions by individual Members of the Executive

- 19.1 Reports intended to be taken into account

Where an individual Member of the Executive receives a report which he/she intends to take into account in making a key decision, then he or she will not make the decision until at least 5 clear working days after receipt of that report.

19.2 Provision of copies of reports to Policy and Scrutiny Panels

On giving such a report to an individual decision maker, the person who prepared the report will give a copy of it to the Chairman of every relevant Policy and Scrutiny Panel as soon as reasonably practicable, and make it publicly available at the same time.

19.3 Record of individual decision

As soon as reasonably practicable after an Executive decision has been taken by an individual Member of the Executive or a key decision has been taken by an officer, he/she will prepare, or instruct the Proper Officer to prepare, a record of the decision, a statement of the reasons for it and any alternative options considered and rejected. The provisions of Rules 7 and 8 (inspection of documents after meetings) will also apply to the making of decisions by individual Members of the Executive. This does not require the disclosure of exempt or confidential information or advice from a political assistant.

20. Policy and Scrutiny Panels access to documents

20.1 Rights to copies

Subject to Rule 21.2 below, a Policy and Scrutiny Panel will be entitled to copies of any documents which are in the possession or control of the Executive and which contain material relating to

20.1.1 any business transacted at a public meeting of the Executive; or

20.1.2 any decision taken by an individual Member of the Executive.

20.2 Limit on rights

A Policy and Scrutiny Panel will not be entitled to:

20.2.1 any document that is in draft form;

20.2.2 any part of a document that contains exempt or confidential information, unless that information is relevant to an action or decision they are reviewing or scrutinising or intend to scrutinise; or

20.2.3 the advice of a political advisor.

21. Additional rights of access for Members

21.1 Material relating to previous business

All Members will be entitled to inspect any document which is in the possession or under the control of the Executive and contains material relating to any business previously transacted at a meeting unless either a) or b) below applies,

- 21.1.1 it contains exempt information falling within paragraphs 1, 2, 3, 4, 5 and 7 of Schedule 12A to the local Government Act 1972 but with regard to category 3 only where the information sought does not relate to any terms proposed or to be proposed by or to an authority in the course of negotiations for a contract
- 21.1.2 it contains the advice of a political advisor

21.2 Material relating to key decisions

All Members of the Council will be entitled to inspect any document (except those available only in draft form) in the possession or under the control of the Executive which relates to any key decision unless paragraph a) or b) above applies.

21.3 Rights of Access of Members to Other Council Information and Access to Land

Members may have access to documents or other recorded information in the possession of or under the control, of the authority access to which is necessary for the proper discharge of the members' functions as a councillor.

21.4 Provided that

- 21.4.1 No Member may be entitled to inspect documents or have access to any information relating to a matter in which the member has a personal and prejudicial interest.
- 21.4.2 A Non-Executive Member may be refused the right to inspect any document or recorded information which is not necessary for them to inspect for the purposes of the proper discharge of their function as a councillor or if there is good reason why such inspection should be refused.
- 21.4.3 Access to information not in the form of a document need not be given to a Non-Executive Member where the cost of providing the access is unreasonably high, or during such period as the giving of the access would reasonably disrupt the work of the authority.

21.5 Copies of documents

Where a Non-Executive Member inspects a document the authority may lawfully make a copy of that document to which the councillor is entitled, on request.

21.6 Provided that

21.6.1 if a copy is given, a reasonable charge shall be made for the copy unless the Chief Executive otherwise directs

21.6.2 a copy may also be refused if the Chief Executive considers that it is impracticable to make a copy.

21.7 Refusal of Access

If the Chief Executive considers that access to any document or other information by a Member is not necessary for the proper discharge of their functions or there is good reason why access should be refused then (except in the case where rights under section 100F of the LGA 1972 apply) the Chief Executive Officer may refuse a Member concerned access to the document or information in question.

21.8 Access to Land and refusal of Access

If a Non-Executive Member wishes to have access to land or buildings in the occupation of the Authority to which the public do not have access, the Member will apply to the Chief Executive and unless the Chief Executive considers that there is good reason why such access should not be given, permission shall be given subject to any conditions to that permission, including that the Member shall be accompanied by a specified officer.

If any Member is dissatisfied with any determination of the Chief Executive the matter may be referred to the Standards Committee who may after hearing representations from the Member reconsider the Chief Executive's decision.

The rights of a Member are additional to any other rights he/she may have.

BUDGET AND POLICY FRAMEWORK RULES

1. The framework for Executive decisions

The Council will be responsible for the adoption of its budget and policy framework as set out in Article 4. Once a budget or a policy framework is in place, it will be the responsibility of the Executive to implement it.

2. Process for developing the framework

The process by which the policy framework shall be developed is:

- 2.1 Before a plan /strategy/budget needs to be adopted, the Executive or Executive Member responsible will either draft initial proposals or obtain the relevant Policy and Scrutiny Panel(s) opinion on any alterations or additions that are required to existing plans or their view that a new policy is required. Any representations made to the Executive/Executive Member shall be taken into account in formulating the initial proposals, and shall be reflected in any report. The Executive/Executive Member shall set out a reasonable timescale for the views of the Policy and Scrutiny Panel(s).
- 2.2 If the Executive/Executive Member draft initial proposals before obtaining the views of the relevant Policy and Scrutiny Panel(s) those initial proposals shall then be referred to the relevant Policy and Scrutiny Panels for further consideration. The proposals will be referred by sending a copy to the Proper Officer who will forward them to the Chairman of the relevant Panel. The Policy and Scrutiny Panel may obtain views from Area Committees, where they consider that this is relevant. The Policy and Scrutiny Panel shall report to the Executive/Executive Member on the outcome of its deliberations. The Executive/Executive Member shall set out a reasonable time-scale for the views of the Policy and Scrutiny Panel to be reported back to them.
- 2.3 Having considered the report of the Policy and Scrutiny Panel, the Executive if it considers it appropriate, may amend its proposals before submitting them to the Council meeting for consideration.
- 2.4 The Council will consider the proposals of the Executive and may adopt them, amend them, refer them back to the Executive for further consideration, or Substitute its own proposals in their place.
- 2.5 The Council's decision will be published in accordance with Article 4 and a copy shall be given to the Leader. The notice of decision shall be dated and shall state either that the decision shall be effective immediately or (if the Executive's proposals are not accepted without amendment) that the Council's decision will become effective on the expiry of at least 7 working days after the publication of the notice of decision, unless the Leader objects to it within that period.

- 2.6 If the Leader objects to the decision of the Council, he/she shall give written notice to the Proper Officer to that effect prior to the date upon which the decision is to be effective. The written notification must state the reasons for the objection. Where such notification is received, the Proper Officer shall convene a further meeting of the Council to reconsider its decision and the decision shall not be effective pending that meeting.
- 2.7 The Council meeting must take place within 7 working days of the receipt of the written objection. At that meeting the decision of the Council shall be reconsidered in the light of the objection, which shall be available in writing for the Council.
- 2.8 The Council shall at that meeting make its final decision on the matter on the basis of a simple majority. The decision shall be made in public in accordance with Article 4 and shall be implemented immediately.
- 2.9 In approving the budget and policy framework, the Council will also specify the extent of the virement within the budget and the degree of in year changes to the policy framework which may be undertaken by the Executive in accordance with paragraphs 5 and 6 of these Rules. Any other changes to the budget and policy framework are reserved to the Council.

3. Decisions outside the budget or policy framework

- 3.1 Subject to the provisions of paragraph 5 (virement) the Executive, individual Members of the Executive and any officers, or joint arrangements discharging Executive functions may only take decisions which are in line with the budget and policy framework. If any of these bodies or persons wishes to make a decision which is contrary to the policy framework or contrary or not wholly in accordance with the budget approved by full Council, then that decision may only be taken by full Council Subject to 4 below.
- 3.2 If the Executive, individual Member of the Executive and any officers, or joint arrangements discharging Executive functions want to make such a decision, they shall take advice from the Monitoring Officer and the Section 151 Officer as to whether the decision they want to make would be contrary to the policy framework, or contrary or not wholly within the budget. If the advice of the Monitoring Officer is that the decision must be referred by that body or person to the Council for decision, unless the decision is a matter of urgency, in which case the provisions of paragraph 4 (urgent decisions outside budget and policy framework) shall apply.

4. Urgent decisions outside the budget or policy framework

- 4.1 The Executive, an individual Members of the Executive or officers or joint arrangements discharging Executive functions may take decisions which are contrary to the Council's policy framework or contrary to or not wholly in accordance with the budget approved by full Council if the decision is a matter of urgency. However, the decision may only be taken:

- 4.1.1 if it is not possible to convene a quorate meeting of the full Council; and
- 4.1.2 if the chair of the relevant Policy and Scrutiny Panel agrees that the decision is a matter of urgency.

The reasons why it is not practical to convene a quorate meeting of full Council and the Chairman of the relevant Policy and Scrutiny Panel's consent to the decision being taken as a matter of urgency must be noted on the record of the decision. In the absence of the Chairman of the relevant Policy and Scrutiny Panel the consent of the Chairman of Council and in the absence of both, the Vice-Chairman will be sufficient.

- 4.1.3 Following the decision, the decision taker will provide a full report to the next available Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

5. Virement

The Council shall annually agree a range of budget heads which appropriately sets out a summary of the budget plans of the Council across the General Fund Revenue Budget and the Capital Programme.

The term virement refers to transfers of budgets between or within cost centres. Virement may only be used in the very specific circumstances set out in the Financial Regulations elsewhere within this Constitution (Part 1 pp 4.24 to 4.26 (Revenue) and 4.39 to 4.42 (Capital)).

6. In-year changes to policy framework

The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by the Executive, an individual Executive Member or officers or joint arrangements discharging Executive functions must be in line with it. No changes to any policy and strategy which make up the policy framework may be made by those bodies or individuals except those changes

- 6.1 which will result in the closure or discontinuance of a service or part of service to meet a budgetary constraint;
- 6.2 necessary to comply with the law, ministerial direction or government guidance;
- 6.3 in relation to the policy framework in respect of a policy which would normally be agreed annually by the Council following consultation, but where the existing policy document is silent on the matter under consideration; and
- 6.4 which relate to policy in relation to schools, where the majority of school governing bodies agree with the proposed change.

7. Call-in of decisions outside the budget or policy framework

- 7.1 Where a Policy and Scrutiny Panel is of the opinion that an Executive decision is, or if made would be, contrary to the policy framework, or contrary to or not wholly in accordance with the Council's budget, then it shall seek advice from the Monitoring Officer who will seek advice from the Section 151 Officer.
- 7.2 In respect of functions which are the responsibility of the Executive, the Monitoring Officers report shall be to the Executive, with a copy to every Member of the Council. Regardless of whether the decision is delegated or not, the Executive must meet to decide what action to take in respect of the Monitoring Officers report and to prepare a report to Council in the event that the Monitoring Officer conclude that the decision was a departure, and to the Policy and Scrutiny Panel if the Monitoring Officer concludes that the decision was not a departure.
- 7.3 If the decision has yet to be made, or has been made but not implemented, and the advice from the Monitoring Officer is that the decision is or would be contrary to the policy framework or contrary to or not wholly in accordance with the budget, the Policy and Scrutiny Panel may refer the matter to Council. In such cases no further action will be taken in respect of the decision or its implementation until the Council has met and considered the matter. The Council shall meet within 7 working days of the request by the Policy and Scrutiny Panel. At the meeting it will receive a report of the decision or proposals and the advice of the Monitoring Officer. The Council may either:
- 7.3.1 endorse the decision or proposal of the Executive as falling within the existing budget and policy framework, in this case no further action is required, save that the decision of the Council be minuted and circulated to all Councillors in the normal way
or
- 7.3.2 amend the Council's financial regulations or policy concerned to encompass the decision or proposal of the body or individual and agree to the decision with immediate effect. In this case no further action is required save the decision of the Council be minuted and circulated to all Councillors in the normal way
or
- 7.3.3 where the Council accepts that the decision or proposal is contrary to the policy framework or contrary or not wholly in accordance with the budget, and does not amend the existing framework to accommodate it, require the Executive to reconsider the matter in accordance with the advice of the Monitoring Officer.

EXECUTIVE PROCEDURE RULES

1. How does the Executive operate?

The arrangements for the discharge of Executive functions may be set out in the Executive arrangements adopted by the Council. If they are not set out there, then the Leader may decide how they are to be exercised. In either case the arrangements or the Leader may provide for Executive functions to be discharged by:

- 1.1 the Executive as a whole;
- 1.2 a Committee of the Executive;
- 1.3 an individual Member of the Executive;
- 1.4 an officer;
- 1.5 joint arrangements; or
- 1.6 another Local Authority.

2. Delegation by the Leader

At the annual meeting of the Council, the Leader will present to the Council a written record of delegations made by him/her for inclusion in the Council's scheme of delegation at part 3 of this Constitution. The document presented by the Leader will contain the following information about Executive functions in relation to the coming year:

- 2.1 the names, addresses and wards of the people appointed to the Executive by the Leader;
- 2.2 the extent of any authority delegated to Executive Members individually, including details of the limitation of their authority;
- 2.3 the terms of reference and constitution of such Executive Committees as the Leader appoints and the names of the Executive Members appointed to them;
- 2.4 the nature and extent of any delegation of Executive functions to any other authority or joint arrangement and the names of those Executive Members appointed to any joint arrangement for the coming year;
- 2.5 the nature and extent of any delegations to officers with the details of any limitation on that delegation, and the title of the officer to whom the delegation is made.

3. Sub-delegation of Executive functions

- 3.1 Where the Executive, or an individual Member of the Executive is responsible for an Executive function, they may delegate further to a joint arrangement or an officer.
- 3.2 Unless the Council directs otherwise, if the Leader delegates functions to the Executive, the Executive may delegate further to a Committee of the Executive or an officer.
- 3.3 Unless the Leader directs otherwise, a Committee of the Executive to whom functions have been delegated by the Leader may delegate further to an officer;
- 3.4 Even where Executive functions have been delegated, that fact does not prevent the discharge of the delegated functions by the person or body who delegated.

4. Conflicts of interest

- 4.1 Where the Leader has a conflict of interest this should be dealt with as set out in the Council's Code of Conduct for Members in Part 5 of this Constitution.
- 4.2 If every Member of the Executive has a conflict of interest this should be dealt with as set out in the Council's Code of Conduct for Members in Part 5 of this Constitution.
- 4.3 If the exercise of an Executive function has been delegated to a Committee of the Executive, an individual Member or an officer, and should a conflict arise, then the function will be exercised in the first instance by the person or body by whom the delegation was made and otherwise as set out in the Council's Code of Conduct for Members in Part 5 of this Constitution

5. Dismissal of Executive Member

The Leader of the Council can dismiss a person nominated by him to be an Executive Member on giving notice to an Executive meeting. Another Member of the Council can then be nominated by the Leader of the Council to fill the vacancy. Such alterations will be reported to the Council meeting following the alteration.

6. Meetings of the Executive

The Executive will meet in public at least six times a year at times to be agreed by the Leader. The Executive shall meet at the Council's main office at the Town Hall, Weston-super-Mare or another location to be agreed by the Leader.

7. The Executive and Best Value

Best Value of the Councils services and functions shall be the responsibility of the Executive and an individual Executive Member shall have particular responsibility to ensure that the Best Value process as determined by legislation is complied with by the Council. Policy and Scrutiny Panels can be used by the Executive to consider the reviews undertaken by officers and report to the Executive their findings and recommendations on the future of the service or function. The Executive will be responsible for taking decisions as a result of a Best Value Review.

8. Management meeting

Before an Executive meeting there will be a Management meeting where senior officers of the Council meet with the Executive, including the Chairman of the Executive to discuss the business of the Council and progress the work plan approved by the Council. This meeting will also discuss policy and the budget situation and whether alterations to policy or budget will be required to be reported to the Council and will normally be held in private.

9. Public decisions of the Executive

Key decisions taken by the Executive as a whole, have to be taken at a public meeting of the Executive and advance notice of the decision is therefore required. A "key decision" is an Executive decision which is likely:-

- 9.1 to result in the Local Authority incurring expenditure which is, or the making of savings which are, significant having regard to the Local Authority's budget for the service or function to which the decision relates. In most cases this will mean expenditure or savings of £500,000 or over, or
- 9.2 to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the area of the Local Authority

With regard to decisions referred to above, they shall not be taken by an individual Executive Members unless prior notice that the decision is to be taken has been issued and at least five clear working days have elapsed since the notice had been published.

However, in a case of urgency, if the decision taker or the Chairman of the Executive writes to the Chairman of the Policy and Scrutiny Panel or if that is not possible, each Member of that Panel of the matter in relation to which a decision is to be taken to obtain their agreement to the matter being dealt with as urgent and the a copy of the notice is made available at the offices of the Authority for public inspection, a decision can be taken by the Executive or decision taker without the usual public notice.

In cases of emergency where there is insufficient time to serve a notice then only if the decision taker or the Chairman of the Executive has obtained from the relevant Chairman of the relevant Policy and Scrutiny Panel or from the Chairman of the Authority (Vice Chairman if absent), if no Chairmen of Policy and Scrutiny Panel are available, that the decision cannot be deferred can the decision be taken.

The following Standing Orders are to control the proceedings of Executive meetings:-

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STANDING ORDERS

1. Executive Standing Order 1

- 1.1 The Leader as elected by the Council shall be the Chairman of the Executive.
- 1.2 The Chairman can cancel a meeting of the Executive or alter the time or date of the meeting on giving ten working days' notice to the Members of the Council and the public.
- 1.3 There may be circumstances where the Chairman wishes to alter or rearrange a meeting and is not able to give the ten working days stipulated above. However, this course of action will only be permissible in exceptional circumstances and Subject to the Chairman explaining those circumstances to the other Members of the Council.

2. ESO 2

The Chairman of the Executive shall chair meetings of the Executive if he is in attendance. If the Chairman of the Executive is unable to attend or is called away during the meeting the Deputy Leader shall chair the meeting

3. ESO 3

- 3.1 Formal meetings of the Executive where decisions are taken shall take place as and when necessary and in any event will take place at least six times per municipal year. All formal meetings of the Executive will be held in public except in cases of emergency as detailed under the legislation.
- 3.2 Formal meetings of the Executive will be held in public except if there is exempt information to be discussed. The agenda will state whether there is exempt business and will also state the categories of exempt information that apply to them. The public and press will only be excluded after passing the appropriate resolution under the Local Government Act 1972.

4. ESO 4

No Substitute Executive Members are permitted.

5. ESO 5

- 5.1 The agenda and papers referring to the items to be discussed at an Executive meeting will be issued at least five clear working days before the meeting to which it refers. A list of background papers will be available for public inspection.
- 5.2 All papers will be distributed to Members of the relevant Policy and Scrutiny Panel and relevant ward Councillors.

6. ESO 6

- 6.1 Members of the public at the discretion of the Chairman, will be able to address the Executive at the beginning of the meeting of the Executive, on matters that affect the area or its residents and over which the Executive has powers and duties. The time allocated for members of the public to address the Executive Meeting shall be limited to 15 minutes, with any individual being permitted to speak for no longer than three (3) minutes and a maximum of four (4) speakers being permitted to speak at any meeting.
- 6.2 The right to address the Executive Meeting shall be limited to those that are resident in North Somerset, business ratepayers or electors of North Somerset but anyone that is, in the opinion of the Chairman, abusive, offensive or giving misleading information shall, when asked by the Chairman to stop, not be permitted to speak further and may be escorted from the meeting.
- 6.3 Requests from Members of the public to address the Executive Meeting must be received in writing at the Town Hall, Weston-super-Mare before 12 noon, the working day before the meeting, and must detail the subject matter to be discussed.
- 6.4 If the Chairman of the Executive considers that a person has abused their ability to participate at Executive Meetings they will, at the direction of the Chairman, not be permitted to address any further meetings of the Executive or Council.

7. ESO 7

Members of the Council who are not Members of the Executive as well as being able to attend any Executive meeting will also have the opportunity to address the Executive meeting at the start of its meeting. The period of time at the start of the meeting allowed for this will be 15 minutes. Members of the Council who are not Members of the Executive may ask questions of the Executive during the meeting on matters on the agenda as they are discussed by indicating to the Chairman their wish to speak. New items of business, however, cannot be raised and questions can only relate to matters which are the Subject of discussion on the agenda.

8. ESO 8

If during the meeting the Members of the Executive believe that an item should be referred to Council then the matter will be referred with or without the views of the Executive.

9. ESO 9

Matters to be discussed and determined by the Executive can be referred to the relevant Policy and Scrutiny Panel/Area Committees for their views before a decision is taken by

the Executive. The request for the Policy and Scrutiny Panel /Area Committee view can state a date by which a response is required but this date should take into account the designated meeting dates for the Policy and Scrutiny Panels/Area Committees.

10. ESO 10

Where matters are considered by the Executive for discussion and where a decision is required, the decision will be undertaken by a vote on a course of action proposed by a Member of the Executive. The Chairman of the Executive meeting will have a casting vote should the voting be equal.

11. ESO 11

The Executive will prepare for publication and for receipt by the Council, a schedule of work covering a four-month period. The Schedule will be issued to the public once it has been received and approved by the Council. The Schedule will be up dated and referred to each Council meeting.

12. ESO 12

The Executive shall consider and respond to a formal Councillor Call for Action within two months of receiving the reference and indicate what action (if any) it proposes to take on the matter.

POLICY AND SCRUTINY PANEL PROCEDURE RULES

1. Areas of remit

There will be five Policy and Scrutiny Panels of the Council who will have the following remit of the Council. Each Policy and Scrutiny Panel will consider matters placed before them by the Executive and will respond with the views of the majority of the Members of the Policy and Scrutiny Panel on the matter which has been referred. Each Policy and Scrutiny Panel will monitor areas of Best Value Reviews which fall within their remit and report to the Executive the outcome of the review in that particular area.

The Policy and Scrutiny Panel will scrutinise decisions taken by the Executive and will where there is concern over a decision either report that to the Executive or in cases which appear to have been taken by the Executive which are outside either the budget or policy of Council, refer the matter to Council. If during the course of its work the Policy and Scrutiny Panel finds that the Council needs to address a particular matter either specifically or by an alteration to the Council's policy then this shall be reported to the Executive. If the Executive requests the Policy and Scrutiny Panel to undertake work to consider alteration to the Council's policy then the Policy and Scrutiny Panel shall undertake this work and then report back to the Executive its conclusions. If a Scrutiny Panel refers a matter to them, the Executive or individual Executive Member as appropriate shall respond formally to the Scrutiny Panel concerned.

2. Constitution and number

Each Policy and Scrutiny Panel will have the number of Members of the Council approved by full Council and will be apportioned to the political groups in accordance with political balance. The Chairman and Vice Chairman of each Policy and Scrutiny Panel shall be elected by the Council at its annual meeting. The Chairman of each of the Policy and Scrutiny Panels will also attend a meeting with the Chairman of an Executive meeting after the Executive has met (in accordance with ESO 11) to discuss those decisions and to discuss individual Executive Member decisions which a Policy and Scrutiny Panel Chairman wishes to discuss

3. Reporting arrangements

Each of the Policy and Scrutiny Panels shall prepare an annual report for Submission to Council concerning the particular Policy and Scrutiny Panels remit and the work which has been undertaken by the Policy and Scrutiny Panel and bringing to the attention of the Council areas of concern which in the opinion of the Policy and Scrutiny Panel should be addressed by the Executive.

STANDING ORDERS

The following rules will apply to proceedings of a Policy and Scrutiny Panel Meeting:-

1. Policy and Scrutiny Panel Standing Order 1

- 1.1 Council will elect the Chairman of a Policy and Scrutiny Panel at its annual meeting. The Council will also elect the Vice-Chairman of each of the Policy and Scrutiny Panels but if this does not happen for any reason the Policy and Scrutiny Panel shall proceed in accordance with Council Standing Order 29 to elect a Chairman.
- 1.2 The Chairman of the Policy and Scrutiny Panel if present shall chair the meeting but in their absence the Vice-Chairman shall preside.
- 1.3 The Chairman of a Policy and Scrutiny Panel can cancel a meeting of the Policy and Scrutiny Panel or alter the time or date of the meeting on giving ten working days' notice of the alteration to the Members of the Council and the public.
- 1.4 In exceptional circumstances the Chairman may alter or rearrange the date of the meeting without giving the requisite ten working days' notice but in those circumstances the Chairman shall obtain the agreement of the Leader of the Council before informing other Members of the Council and the public of the altered or rearranged meeting.

2. SSO 2

Any Member of the Council can be appointed to a Policy and Scrutiny Panel except the Leader, Deputy Leader and any other Member of the Council who is an Executive Member.

3. SSO 3

Substitutes are permitted Subject to the following exceptions:

- 3.1 The Leader and Deputy Leader of the Council
- 3.2 Any other Member of the Council who is an Executive Member

However, no-one shall consider matters as a Member of a Policy and Scrutiny Panel for which they have been directly involved in making the decision being considered.

4. SSO 4

The Policy and Scrutiny Panels shall meet as and when required but shall be programmed to meet at least three times per municipal year. The Chairman of a Policy and Scrutiny Panel can call a meeting of that Panel at any time and can cancel and rearrange such a meeting.

5. SSO 5

The quorum of a Policy and Scrutiny Panel shall be one third of the Members of that Committee. To determine the number all fractions shall be rounded up to the next number.

6. SSO 6

Meetings of the Policy and Scrutiny Panel will be held in public except if there is exempt information to be discussed. The agenda will state whether there is any exempt business to be considered and state the relevant category. The public and press will only be excluded after passing the appropriate resolution under the Local Government Act 1972.

7. SSO 7

Councillors must declare interests. The Council's Code of Conduct and the Local Government Act 1972 determine the interests that have to be declared.

8. SSO 8

Political Groups will be required to declare formal "whipping" arrangements to the Assistant Director Legal and Governance in writing before such arrangements are implemented at a meeting

9. SSO 9

- 9.1 Members of the public, at the discretion of the Chairman of the Policy and Scrutiny Panel, will be entitled to address the Policy and Scrutiny Panel on matters which affect the district or its inhabitants and for which the Policy and Scrutiny Panel has the relevant position of reviewing decisions or commenting on the matter for some other purpose.
- 9.2 Members of the Policy and Scrutiny Panel may ask questions of the Member of the public and a dialogue between the two parties can be undertaken.
- 9.3 Requests from Members of the public to address the Committee must be received in writing at the Town Hall, Weston-super-Mare before 12 noon, the working day before the meeting, and must detail the Subject matter to be discussed.

- 9.4 No question or comment shall be entitled to refer to exempt or confidential information as defined in Schedule 12 to the Local Government Act 1972 and referred to in the Constitution.
- 9.5 That the Chairman shall ensure that the relevant officer or member provides a written response to a member of the public who poses questions during public participation when a response cannot be dealt with in the time allocated.
- 9.6 Where a public speaker has made defamatory or personally offensive or abusive statements about an individual, the Chairman shall have power to rule that the person be not heard and that such person be required to provide a written transcript in advance of any future address.

10. SSO 10

- 10.1 The Policy and Scrutiny Panel or the Panel's Chairman and Vice-Chairman can require an Executive Member to attend a meeting to answer questions or explain matters that the Policy and Scrutiny Panels are considering. If an Executive Member is instructed to attend he/she must do so but if they are unable to do so because of matters outside their control then the Chairman or Vice Chairman of the Executive will attend in their place.
- 10.2 If the Policy and Scrutiny Panel require an officer to attend one of their meetings then the Director or Assistant Director or officer of equivalent standing of the Directorate concerned shall attend and can be accompanied by another officer to assist the Director or Assistant Director at the meeting. A Director or Assistant Director will be required to answer questions or otherwise assist the Committee with its business.
- 10.3 The Policy and Scrutiny Panel can invite the attendance of any person outside the authority to attend a Policy and Scrutiny Panel meeting to answer questions or otherwise assist the Committee with its business.

11. SSO 11

- 11.1 Any Councillor may request for any local government, crime and disorder or other matter (other than any function excluded by legislation), within the terms of remit of a Policy and Scrutiny Panel, to be placed as an item on the agenda to be discussed at the next meeting of the Policy and Scrutiny Panel. The matter shall be known as a "Councillor Call for Action" and the Councillor shall have the right to speak at the Panel meeting concerned.
- 11.2 A Councillor Call for Action relating to a crime and disorder matter shall be referred to the Community and Corporate Organisation Policy and Scrutiny Panel.
- 11.3 A request for a Councillor Call for Action to be placed on the agenda of the Policy and Scrutiny Panel, must be received at the Town Hall, Weston-super-

Mare, nine working days before the day of the meeting. The item must be open to discussion at the meeting and the Panel may decide to refer the report or recommendation to either the Executive or the full Council on the matter. The Panel must notify the councillor who made the request of its decision and its reasons and must provide that councillor and any relevant partner body with any report of recommendation it makes.

- 11.4 The Executive or the Council must consider any Councillor Call for Action referred to it by a Scrutiny Panel and must respond within two months of receiving the reference indicating what (if any) action it is proposed to take on the matter.
- 11.5 A request may also be made verbally at a Panel meeting by a member of the Panel for an item to be considered for inclusion on the Panel's work plan for a future meeting.

12. SSO 12

A Policy and Scrutiny Panel can refer a matter to Council if it concerns an area of remit of the particular Policy and Scrutiny Panel and it is concerned about the decision taken by the Executive but only if it is of the opinion that the decision taken by the Executive is either outside the policy of the Council or not within the budget approved by Council. In all other cases where the Policy and Scrutiny Panel is concerned about a decision of the Executive, it can only refer the matter back to the Executive and express those concerns and ask the Executive to reconsider the decision.

13. SSO 13

- 13.1 Each Policy and Scrutiny Panel will undertake the work requested of it by the Council and the Executive but will not make any decisions that could be acted on as decisions of the Council.
- 13.2 Each Policy and Scrutiny Panel will prepare an annual report for Submission to Council on the work it has been undertaking and any steps, which they think should be taken by the Council. This opinion can be arrived at either from the work they have been undertaking or as a result of matters coming to their attention for scrutinisation.

14. SSO 14

- 14.1 Within five working days of the publication of an Executive or Executive Member decision, any two Members of a policy and scrutiny panel of the Council, can request a meeting of the Policy and Scrutiny Panel concerned to consider the Executive or Executive Member decision.
- 14.2 The two Members concerned can request a meeting of the Policy and Scrutiny Panel by writing to the Chairman of the Policy and Scrutiny Panel and sending a copy to the Proper Officer of the Council stating that such a meeting is requested and indicating the decision of the Executive which is to be

considered at the meeting of the Policy and Scrutiny Panel and stating the reason for the call in and how a matter within the remit of the Policy and Scrutiny Panel is affected by the Executive decision.

- 14.3 If such a request of the Chairman of the Policy and Scrutiny Panel is received by the Proper Officer, the decision of the Executive which is to be considered shall not be implemented for at least ten working days during which time the Policy and Scrutiny Panel will have considered the decision and the Executive will be made aware of the Policy and Scrutiny Panel's opinion.
- 14.4 If the Policy and Scrutiny Panel, when it considers the decision of the Executive, decides that it should be reconsidered it shall make that recommendation to the Executive. If in the opinion of the Policy and Scrutiny Panel, and the consideration of the Monitoring Officer, the decision of the Executive in question, has not been taken within the policies of the Council or within the budget approved by Council, the Policy and Scrutiny Panel shall refer the decision to Council and notify the Executive accordingly.

FINANCIAL REGULATIONS

1. Introduction

Financial Regulations govern the way the Council undertakes financial forward planning, annual budget setting, budget monitoring and management, and closing of the accounts – setting out the responsibilities of **Council, Executive** (and **Policy and Scrutiny Panels**), the **Section 151 Officer (Director of Corporate Services)**, **Directors** and **Heads of Service**. These aspects are set out in Part 1 (Financial Management).

Financial Regulations also govern the way day to day financial administration is conducted and financial controls are exercised. These aspects are set out in Part 2 (Financial Administration).

Financial Regulations are supported by other elements of the Council Constitution, in particular:-

- Contract Standing Orders
- Scheme of Delegation
- Budget & Policy Framework Rules
- Management of Assets, Property and Land

2. Status of Financial Regulations

Financial regulations apply to every member and officer of the Council and anyone acting on its behalf, with the exception of schools with delegated funding under the Local Management of Schools, who have their own Financial Regulations.

The regulations identify the financial responsibilities of the **Council, Executive** and **Executive Members**, the **Chief Executive**, the **Monitoring Officer**, the **Section 151 Officer**, other **Directors** and **Heads of Service** and the **Head of Internal Audit**.

The Regulations shall not override any statutory provisions that apply.

Where applicable, consultants or agencies acting for the Council will be bound by these procedures and it should be a condition of their employment or engagement that they do so. However, where the council operates a shared arrangement with another council the regulations of each party should apply to its own operation.

Substantial breaches of Financial Regulations shall be reported to the **Section 151 Officer** by the relevant **Director** and may be treated as disciplinary offences.

No report having financial implications shall be submitted to **Council** or **Executive** without adequately timed prior consultation with the **Section 151**

Officer and/or officers delegated to undertake such functions by him/her. The **Section 151 Officer** or his / her representative should also be consulted on decision notices with financial implications to be signed by Executive Members or Directors.

These procedures shall be reviewed regularly by the **Section 151 Officer** but at least every 3 years. The **Council** should approve all amendments and summaries of changes resulting from reviews of codes of best practice, procedures or explanatory notes. Relevant financial thresholds should additionally be reviewed against inflation on an annual basis wherever possible.

3. Responsibilities

Section 151 of the Local Government Act 1972 states that each local Council “shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.

The “arrangements” include the Council’s Financial Regulations, Contract Standing Orders and the Scheme of Delegation (so far as it relates to financial matters). In approving those arrangements, Members are bound by the general principles of administrative law.

The Council’s appointed officer under Section 151 is the **Director of Corporate Services**. In addition, three **Deputy S151 Officers** exist and are the **Head of Corporate Accountancy** and the two posts of **Business Partner (Finance)**. In performing his/her functions as the appointed officer, he/she shall seek to ensure that the management of the Council’s financial affairs accord with the arrangements approved by Council subject to his overarching statutory duties including those referred to below. The **Section 151 Officer** owes a fiduciary duty to the public to carry out those duties effectively and these cannot be overridden by the Council.

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

The roles and responsibilities of the **Council**, the **Executive**, and **Committees** for Council functions are described in Part 3 of the Constitution.

The Statutory Officers

The **Statutory Officers Group** meets on a quarterly basis to consider financial, insurance and legal risks and comprises:

The **Chief Executive** as **Head of Paid Service**.

The **Assistant Director Legal and Governance** as the **Monitoring Officer**.

The **Director of Corporate Services**, as the **Section 151 Officer**.

The functions of the Statutory Officers are described in Article 12 of the Constitution, and their responsibilities are described in Part 3 – Officer Delegations and Authorisations.

Other Council Officers

Head of Internal Audit

(for the purpose of these regulations, this title refers to the officer responsible for delivering an internal audit service in accordance with the CIPFA Code).

The **Head of Internal Audit** is responsible for providing an internal audit function which meets the requirements of the Public Sector Internal Audit Standards and providing an opinion, in support of the Annual Governance Statement, on how the Council's risk management processes identify, evaluate, monitor and report that controls are operating effectively within the Council. The **Head of Internal Audit** helps the **Section 151 Officer** discharge his/her responsibilities under section 151. Irrespective of the organisational position of internal audit, this officer should have the right to report on matters concerning internal audit and internal control directly to the **Chief Executive** and/or the **Audit Committee**.

Directors

Directors are responsible for ensuring that members are advised of the financial implications of all proposals and that the financial implications have been agreed by the **Section 151 Officer**.

It is the responsibility of **Directors** to consult with the **Section 151 Officer** and seek approval on any matter liable to affect the Council's finances as prescribed by limits set out within these Financial Regulations, before any commitments are incurred.

Each **Director** is responsible for observing the Council's Financial Regulations and for monitoring financial performance within their directorate.

Directors are responsible for ensuring that all staff in their directorates are made aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents, and that they comply with them. They must also ensure that either hard or electronic copies are available for reference within their directorates.

As part of these Regulations, **Directors** should ensure that there are arrangements to enable staff and the public to raise and report any issues of concern in accordance with the Council's Whistle Blowing policy.

Each **Director** is responsible for ensuring that any expenditure incurred within their service is in accordance with both the purpose and objectives of the services being provided and provides value for money. Expenditure must not be incurred or charged to any budget where such expenditure bears no relation to the service being provided.

Each **Director** is required to maintain a scheme of financial delegation in accordance with the minimum standards as determined by the **Section 151 Officer**, and which accords to the financial limits included within the overall scheme of delegation and contract rules and that this scheme is reflected within the council's corporate financial management system.

Each **Director** is responsible for the control and accountability of employees and the security, custody and control of all of the resources, including plant, buildings, materials, cash and stores, appertaining to his/her directorate.

Where it becomes apparent that there is failure to meet the rules as set out in this document, it is the responsibility of the **Director**, or the **Section 151 Officer** to report such failings immediately in accordance with the established reporting structure.

Corporate Management Team

The **Chief Executive** and **Directors** and other appointments as determined by the **Chief Executive** who form the Corporate Management Team, chaired by the **Chief Executive** are responsible, individually and collectively, for ensuring that efficiency and value for money are achieved across the Council, in service delivery, internal processes and systems of control, procurement of goods/services and the use of assets.

As budget holders they are responsible for the budgets delegated to deliver the services within their Directorate in line with the priorities of the Council. Whilst they may delegate this responsibility within their Directorate they remain accountable in exercising overall financial control.

Heads of Service and Service Managers and delegated budget holders

Heads of Service are individually responsible for ensuring that the services within their remit are delivered in line with the agreed policy, and support the strategic direction of the Council. As budget holders, they are responsible for the budgets delegated to them to deliver their service in line with the priorities within the Corporate Plan.

Finance Business Partners

The **Finance Business Partners** advise **Directors** and their management teams on all financial matters. They are supported in this role by the accountants, who are responsible for the preparation of budget reports and the provision of specialist advice and general guidance on financial systems, including rules and procedures. However, responsibility for budgetary control lies with the **Directors** as delegated budget holders, their **Heads of Service** and **Service Managers**.

As part of the overall governance arrangements, it is expected that each **Finance Business Partner** is a member of the **Financial Strategy Board**, chaired by the **s151 Officer**, or any successor group which is provided the responsibility for overall management of financial matters.

The Property Investment Board

The Council's Property Investment Strategy provides for the establishment of a Commercial Investment Fund under the management of a **Property Investment Board**. **The Property and Investment Board** shall be made up of the following members:

- The Leader of the Council
- The Executive Member/s responsible for finance and/or property asset management
- The Chief Executive
- The Director of Corporate Services /Section 151 officer
- The Assistant Director Legal and Governance / Monitoring Officer

The Property Investment Board has powers to make offers and negotiate terms on commercial properties before seeking full approval to make investments in line with these Financial Regulations. The approval thresholds for these transactions are contained in paragraph 7.4.

Part 1 – Financial Management

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1 MEDIUM TERM FINANCIAL PLAN

- 1.1 The Council's Constitution sets out how decisions are made including setting the Council Budget. Whilst the Council Budget sets out what those decisions are, the Medium Term Financial Plan determines the underlying principles behind them and is key in driving the delivery of the Corporate Plan.
- 1.2 The Medium Term Financial Plan indicates future years' budgets and potential council tax levels. Those indications are based on the current available information and provide the starting point for future years' budgets.
- 1.3 The Medium Term Financial Plan, approved by **Council**, sets out the **Executive's** approach on a range of issues, including:-

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- the way in which corporate priorities are considered as part of the Council's capital and revenue budget processes;
- the likely direction of travel of the authority recognising investment and savings opportunities;
- the level of balances and reserves (having taken account of advice from the **Section 151 Officer**);
- the approach to bidding for external funding;
- the setting of fees and charges;
- the management of financial risks.

1.4 The Medium Term Financial Plan will normally be approved by **Council** at the start of each four-year municipal term, and be updated annually or sooner if there is a need to respond to significant changes in resource and/or expenditure assumptions.

2 FINANCIAL FORWARD PLANNING

2.1 The **Section 151 Officer**, in consultation with the **Executive Member with responsibility for Finance**, will maintain a Medium Term Financial Plan that covers a period of at least four financial years, including the current financial year.

2.2 The Medium Term Financial Plan will be produced and reported in conjunction with the annual budget and council tax proposals to Executive and Council in line with relevant financial legislation at that time. Further updates on the Medium Term Financial Plan may be reported during the year.

2.3 The Medium Term Financial Plan will cover revenue and capital budgets, and will highlight how resources are being directed to address Corporate Plan priorities.

2.4 In respect to resources, the Medium Term Financial Plan will take account of the following:-

- forecasts of formula and specific grants;
- increases in fees and charges, and the introduction of new charges;
- interest earnings;
- levels of reserves and balances;
- increased income from rents, council tax and retained Business Rates;
- capital receipts and grants and prudential borrowing.

2.5 In respect to expenditure, the Medium Term Financial Plan will take account of the following:-

- full year effects of previous decisions;
- changes in responsibility arising from new or amended legislation or regulations, net of increased income from new fees and charges;
- direction of resources to achieving Corporate Plan priorities and targets and potential re-direction from non-priority areas;

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- forecast changes in service demand;
- investment in line with the Council's transformation programme;
- forecasts of inflation, pay awards and interest rates;
- efficiency savings;
- planned service reductions;
- prudential borrowing;
- financial risks.

2.6 In that the Medium Term Financial Plan has a horizon up to four years, it is to be expected that figures in later years will often be preliminary estimates and/or aspirations of future decisions and changes in council policy.

3. ANNUAL REVENUE BUDGET SETTING

- 3.1 The **Council** shall set the annual revenue budget each year and shall make the required decisions to set a legal Council Tax in line with relevant financial legislation at that time.
- 3.2 The **Executive** shall organise and oversee work necessary to draft and propose a Medium Term Financial Plan and the annual revenue budget for presentation to Council in accordance with its responsibilities.
- 3.3 **Directors** shall provide any service or financial advice as required by the **Executive** or its Members to enable the revenue budget to be drafted for Council.
- 3.4 The **Executive Member with responsibility for Finance** shall liaise with the **Section 151 Officer** in considering the Medium Term Financial Plan and annual revenue budget, and the underlying financial assumptions within them and advise the **Executive** as appropriate.
- 3.5 The **Executive Member with responsibility for Finance** and the **Section 151 Officer** shall organise appropriate consultations and briefings on the Medium Term Financial Plan and annual revenue budget and shall, specifically, consult with the Council's **Policy & Scrutiny Panels** at least once in the budget setting process.
- 3.6 The **Executive Member with responsibility for Finance** shall liaise with the **Section 151 Officer** to approve the tax base to be used in setting the budget and council tax and advise the Executive as appropriate.
- 3.7 The form of information required by the **Executive** to draft the revenue budget shall be defined by the **Chief Executive** and the **Section 151 Officer** to ensure consistency of approach.
- 3.8 The timetable for preparation of the Medium Term Financial Plan and the revenue budget shall be defined by the **Executive Member with**

responsibility for Finance and the Section 151 Officer.

- 3.9 The revenue budget shall be agreed in such a form that the responsible **Director or nominated head of service**, as budget holder will be publicly identifiable, together with the relevant **Executive Member(s)** and published in the relevant budget documents.
- 3.10 The budget shall be agreed in such a format that the budgets for responsibilities of each **Director** will be identifiable and published in the annual budget documents.
- 3.11 The revenue budget that the **Executive** recommends to Council must be based on reasonable estimates of expenditure and income, and take account of:-
- outturn forecasts for the current year;
 - latest projection of income from fees and charges;
 - guidance from the **Section 151 Officer** on the appropriate level of reserves, balances and contingencies; and
 - financial risks associated with proposed budget developments, reductions and ongoing projects as detailed within the required annual directorate risk and robustness statements.

Bidding for External Revenue Funding

- 3.12 If revenue expenditure involves bidding for funds from any external body approval shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any relevant body.
- 3.13 For any schemes requesting up to £250,000 of external funding and without any match funding requirement, the relevant **Head of Service** shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any relevant body for any schemes.
- 3.14 For any schemes / projects requesting up to £1,000,000 of external funding, the relevant **Director(s)** and the **Section 151 Officer** shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any relevant body for any schemes
- 3.15 For schemes / projects requesting funding between £1,000,000 and £5,000,000, the **Executive Member(s)** in consultation with the relevant **Director(s)** and the **Section 151 Officer** shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any relevant body for any schemes.
- 3.16 For schemes / projects requesting funding between £5,000,000 and £10,000,000, the **Executive** shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any

relevant body for any schemes

- 3.17 For schemes requesting funding over £10,000,000, the **Council** shall be required to agree in principle to the scheme and its financial impact before any formal bid is made to any relevant body for any schemes
- 3.18 All bids for revenue funding between £500,000 and £5,000,000 shall be retrospectively reported to the **Executive** for information as part of the corporate budget monitoring reports.
- 3.19 Reference should be made to paragraphs 5.1 to 5.8 of these regulations, which set out the specific reporting requirements for all funding bids.

Definition of Capital Expenditure

- 3.20 Section 16 of the Local Government Act 2003 and Regulation 25 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, provide a definition of capital expenditure.
- 3.21 Capital expenditure is principally in respect of acquiring, constructing or enhancing physical assets (including buildings, land and immovable equipment) which provide benefit over several years. In this instance, enhancement relates to works which are intended to lengthen the useful life of an asset, increase the open market value of the asset or substantially increase the extent to which an asset can be used in the delivery of services.
- 3.22 Capital is also defined more widely for example expenditure on computer software and on the making of loans or grants for capital expenditure by another body.

Capital Budget Setting – General

- 3.23 The **Council** shall set the capital budget of the Council and approve the prudential indicators for the period of the Medium Term Financial Plan and in addition shall at least annually agree the means by which that spending is to be funded in line with relevant financial legislation at that time.
- 3.24 The capital budget shall be for at least one year, but the **Council** shall also have the authority to set budgets for more than one year, subject to identifying corresponding funding.
- 3.25 The **Executive** shall undertake work necessary to draft and propose the capital budget for presentation to **Council** to carry out its responsibilities. This work should take account of:
- forecasts of capital receipts and grants;
 - affordability of prudential borrowing over the period of the council's

Medium Term Financial Plan.

- 3.26 **Directors** shall provide advice as required by **Executive Members** to enable the capital budget to be drafted for **Council**.
- 3.27 The **Executive Member with responsibility for Finance** shall liaise with the **Section 151 Officer** in considering the capital budget and the underlying financial assumptions within it and advising the **Executive** as appropriate.
- 3.28 The form of information required by the **Executive** to draft the capital budget shall be defined by the **Chief Executive** and the **Section 151 Officer** to ensure consistency of approach.
- 3.29 The timetable for preparation of the capital budget shall be defined by the **Executive Member with responsibility for Finance** and the **Section 151 Officer**.
- 3.30 The budget shall be agreed in such a form that the responsible **Director** as budget holder will be publicly identifiable together with the relevant **Executive Member(s)** and published in the relevant budget documents.
- 3.31 The **Section 151 Officer** shall develop a Capital Programme in line with the requirements of the Council's Asset Management Plans prepared by the **Head of Property and Asset Management**, in conjunction with the **Chief Executive** and **Directors** for the agreement of the **Executive Member with responsibility for Finance** and the **Executive**.
- 3.32 The relevant **Director** shall be responsible for developing asset management plans in relation to directorate functions (e.g. for schools, housing or transport) with the relevant **Executive Member(s)** and working in conjunction with the **Executive Member with responsibility for Finance** and the **Section 151 Officer**.
- 3.33 The Council's Corporate Plan, Capital Investment Strategy, Council Asset Management Plans, Economic Development and Regeneration Strategy and ICT Strategy shall form the basis of the **Executive's** planning for the capital programme and bidding for any externally provided and available funds.

Bidding for external capital funding

- 3.34 If a capital project involves bidding for funds from any external body approval shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body.
- 3.35 For any schemes requesting up to £250,000 of external funding and without any match funding requirement, the relevant **Head of Service**

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shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes

- 3.36 For any schemes requesting between £250,000 and £1,000,000 of external funding, the relevant **Director** and the **Section 151 Officer** shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes
- 3.37 For schemes requesting funding between £1,000,000 and £5,000,000, the **Executive Member(s)** in consultation with the relevant **Director** and the **Section 151 Officer** shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes.
- 3.38 For schemes requesting funding between £5,000,000 and £10,000,000, the **Executive** shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes
- 3.39 For schemes requesting funding over £10,000,000, the **Council** shall be required to agree in principle to the scheme and its revenue and capital impact before any formal bid is made to any relevant body for any schemes
- 3.40 All bids for capital funding between £500,000 and £5,000,000 shall be retrospectively reported to the **Executive** for information as part of the corporate budget monitoring reports.
- 3.41 Reference should be made to paragraphs 5.1 to 5.8 of these regulations, which set out the specific reporting requirements for all funding bids.

New Capital Schemes

- 3.42 New capital schemes may be identified during the course of the financial year and gross capital spending may be increased, provided a corresponding increase in income (except use of the Council's general reserves) such as a new grant, Section 106 Agreement, capital receipt, external contributions or other income can be identified. No new capital expenditure may be approved that falls outside the limits of the Council's approved Prudential Borrowing indicators. Subject to the new capital expenditure falling within the approved limits, the following thresholds apply:-
- 3.43 New capital expenditure of up to £500,000 can be approved by the relevant **Director(s)** and the **Section 151 Officer**, provided the corresponding funding is also identified
- 3.44 New capital expenditure of between £500,000 and £1,000,000 can be

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approved by the relevant **Executive Member(s)** and **Director(s)** in consultation with the **Section 151 Officer**, provided that corresponding funding is also identified.

- 3.45 New capital expenditure of between £1,000,000 and £5,000,000 can be approved by the **Executive**, provided that corresponding funding is also identified.
- 3.46 New capital expenditure over £5,000,000 can be approved by the **Council**, provided that corresponding funding is also identified.
- 3.47 All new capital expenditure between £250,000 and £1,000,000 shall be reported retrospectively to the **Executive** as part of the corporate budget monitoring reports.

Alternative Budget Motions

- 3.48 Alternative budget motions and/or budget amendments must be validated by the **Section 151 Officer** before they are accepted as a valid budget motion. This is essential since if an alternative budget motion is approved, the **Section 151 Officer** will need to amend the council tax bills immediately following the Council meeting and **Executive** and officers will be required to implement the detailed budget proposals.
- 3.49 The alternative budget motion must set out the appropriate changes to **Executive's** recommendations as they affect the budget for the forthcoming year and any element of the Medium Term Financial Plan (e.g. balances, full year effects, council tax levels). The **Section 151 Officer** may also require further information to be included if he/she considers it will improve the Council's understanding of the financial implications in the forthcoming or future years.
- 3.50 Any **Member** proposing to put an alternative budget motion to Council is responsible for ensuring it is received by the **Monitoring Officer** in line with the deadline set out in Part 4 of the Constitution. It is also their responsibility to ensure they give the **Section 151 Officer** sufficient time to fully validate their alternative budget proposals.

4 BUDGET MANAGEMENT & MONITORING

Budget Monitoring – Revenue

- 4.1 Once decided by **Council**, those revenue budgets delegated to **Directors** may be spent and income due collected by **Directors** without further reference to the **Executive**, or **Council** or any other political decision-making body, subject to the Council's decision and policy making

framework and subject to other aspects of these Financial Regulations and Contract Standing Orders.

- 4.2 **Directors** shall be responsible and accountable for control of revenue budgets allocated by the **Council** to them to keep within the budget limit set.
- 4.3 **Directors** may delegate day to day responsibility for the revenue budget to a named **responsible officer** under their line management, as shown in the budget documents.
- 4.4 **Directors** should ensure that their budget managers do not enter into commitments before satisfying themselves there is sufficient approved budget provision.
- 4.5 **Directors** are required to notify the **Section 151 Officer** of all underspends, over-recovery of income or windfall benefits arising within their revenue and capital budgets. Where these occur, it should be assumed that in the first instance such funds be returned to general non-earmarked reserves, unless regulations specify restrictions on their use which make this inappropriate or the underspend, additional income or windfall is to be used to offset uncontrollable overspends elsewhere within the service. Where these exceptions occur, the **Director** is responsible for seeking approval from the **Section 151 Officer**.
- 4.6 **Directors** must notify the **Section 151 Officer** of forecast revenue or capital budget variances greater than the limits set by the **Section 151 Officer** regardless of whether offsetting savings or additional income or capital resources have been identified.
- 4.7 Having notified the **Section 151 Officer** of a forecast revenue budget variance, the **Director** must submit proposals where appropriate to the **Section 151 Officer** for offsetting any forecast overspend, together with an assessment of the impact these corrective actions will have on service delivery and performance targets. Approval to these budget variations will be in line with the Scheme of Virement (see "Revenue Budget Changes and Transfers" paragraph 4.20 and 4.21 below).
- 4.8 When notifying the **Section 151 Officer** of such a situation, **Directors** must advise if the problem relates solely to the current financial year or needs to be addressed within the Medium Term Financial Plan as well.
- 4.9 Some services or projects within the Council's budget and capital programme may be wholly or part funded by time-limited external funding. As soon as the possibility of expenditure slipping past the funding deadline is forecast, the nominated budget holder must notify the **Section 151 Officer** immediately, and provide options for reducing expenditure and/or identifying alternative funding.

- 4.10 The **responsible officer** for each budget shall monitor any decisions with a financial impact and the consequence for spending against the budget every month and project annual spending to keep within the budget limit set. The **responsible officer** shall report any projected variance to the relevant **Director** as soon as such a judgement can be made.
- 4.11 **Directors** shall report spending against their budgets to the relevant **Executive Member(s)** on a monthly basis, with a projection of the annual spend, every month from June of each year onwards, together with an annual summary at the year end with an explanation of significant variances from the budget.
- 4.12 The **Executive Member with responsibility for Finance** and the **Section 151 Officer** shall review spending against the revenue budget and the projection of annual spend for all budgets each month from June of each year onwards and report to the **Executive** accordingly.
- 4.13 The **Executive** shall review the revenue budget monthly where the Municipal Calendar allows, and will be responsible for agreeing action, including the responsible **Executive Member** and **Director** to take such action, to rectify potential variances.
- 4.14 The **Executive Member with responsibility for Finance** and the **Section 151 Officer** may authorise changes to the revenue budget in an emergency without reference to the **Executive** or **Council**, subject to reporting of such action at the next available opportunity to the **Executive**. Emergency defined as potential serious injury or risk to human life, substantial property damage, financial loss or other circumstance deemed appropriate by the **Section 151 Officer**.
- 4.15 The **Executive** shall be authorised to permit up to 50% of any total directorate budget underspends to be transferred to a specific reserve, at the control of an **Executive Member**, for spending on the relevant service in the following year on one-off items. The **Section 151 Officer's** approval for any such transfer must be obtained prior to requesting **Executive** approval. The **Executive** shall take into consideration overall spending against the budget for the whole Council in making such a decision and the future revenue cost implications.
- 4.16 Any decision which is not within the Council's policy framework, with or without financial consequences, even if that change can be contained in existing revenue budgets, can only be decided by **Council**. The **Council** shall define a procedure to decide whether a decision is within the existing policy framework of the Council which shall be the responsibility of the **Monitoring Officer** to administer.
- 4.17 If the **Executive** proposes a change to the Council's policy framework any such recommendation to **Council** shall show the financial consequences of such a change on the current year's revenue budget

and future years (if different), even if there is no financial effect.

- 4.18 Any proposed decision which would increase the Council's overall net revenue budget, irrespective of the policy issues, can only be decided by **Council**.
- 4.19 The **Council** shall be authorised to increase net spending during the course of a financial year, on the recommendation of the **Executive** and the **Section 151 Officer**.

Revenue Budget Changes and Transfers

- 4.20 Virements of existing budgets are permissible provided the gross revenue expenditure budget of the council is not increased and subject to the following limitations. Where the virement involves more than one directorate, the agreement of all involved Heads of Service / Directors / Executive Members is required.
- **Heads of service** can approve virements between budgets up to a value of £250,000;
 - **Directors with the Section 151 Officer** can approve virements between budgets between £250,000 and £500,000
 - **Executive Members with the Section 151 Officer** can approve virements between budget between £500,000 and £1,000,000.
 - The **Executive** can approve virements between budgets between £1,000,000 and £5,000,000
 - The **Council** can approve virements between budgets of over £5,000,000
 - All virements between £250,000 and £1,000,000 shall be retrospectively reported to the **Executive** as part of the corporate budget monitoring reports.
- 4.21 The council's gross revenue expenditure budget may be increased by bringing in funding from additional income, savings, grant or earmarked reserves, provided the net revenue budget of the council is not increased and subject to the following limitations:
- **Heads of Services** can approve increases in gross revenue budget up to a value of £100,000, provided that no funding from corporate resources is required
 - **Directors** with the **Section 151 Officer** can approve increase in gross revenue budget between £100,000 and £500,000
 - **Executive Members** in consultation with the **Section 151 Officer**, can approve increases in gross revenue budget between £500,000 and £1,000,000
 - the **Executive** can approve increases in gross revenue expenditure of between 1,000,000 and £5,000,000; and

- the **Council** can approve increases in gross revenue budget above £5,000,000.
- All increases in gross budget between £250,000 and £1,000,000 shall be retrospectively reported to the **Executive** as part of the corporate budget monitoring reports.

4.21a The s151 Officer may authorise exemptions from the approval limits for technical virements and budget changes in paragraphs 4.20 and 4.21 where they have no material impact on the nature or substance of previously agreed income and expenditure, with all those over £250,000 being reported respectively to the Executive”.

Budget Monitoring – Capital

- 4.22 Once decided by **Council**, or other delegated decision makers in year, the capital budget may be spent by **Directors** without further reference to the **Executive or Council** or any other political decision-making body and subject to the policy framework of the Council, other aspects of this Framework and Contract Standing Orders. Under no circumstances shall any capital project proceed, or any contractual commitments be entered into, without the permission of **Council**, the **Executive** or other delegated decision maker, through the relevant capital budget setting processes described in paragraphs 3.38 to 3.43.
- 4.23 **Directors** shall be responsible for accounting for all financial transactions of officers under their control, for ensuring the accuracy, completeness and retention of records of such transactions and for systems of internal control to ensure that resources are effectively used in pursuing the Council's aims and objectives.
- 4.24 **Directors** shall be responsible and accountable for control of capital budgets and projects allocated by the **Council** to them and keep within the budget limit set.
- 4.25 **Directors** may delegate day-to-day responsibility for their capital budget and any capital projects to a named responsible officer under their line management. The responsible officer for each project shall follow the Council's Contract Standing Orders for any required contracting or procurement exercise relevant to the capital project and shall manage the resultant contract(s) appropriately to deliver the project.
- 4.26 The **responsible officer** for each budget shall monitor their actions and their financial consequences every month to keep within the budget limit set for the project under their control.
- 4.27 The **responsible officer** shall report any projected variance against the budget to the relevant **Director** as soon as such a judgement can be made in order for the **Section 151 Officer** to review the funding situation.

- 4.28 **Directors** shall report spending against their budgets on a monthly basis, with a projection of the annual and project spend, every month from June of each year onwards.
- 4.29 **The Leader of the Council or nominated Executive Member** and the **Section 151 Officer** shall review spending against the capital budget and the projection of annual/project spend for all budgets each month from June of each year onwards and report to **Executive** accordingly.
- 4.30 The **Executive** shall review the capital budget monthly where the Municipal Calendar allows and shall be responsible for agreeing action, including the relevant **Executive Member** and **Director** to take such action, to rectify potential variances or project slippage which could cause loss of resources.
- 4.31 **The Leader of the Council or nominated Executive Member** and the **Section 151 Officer** may authorise changes to the capital programme in an emergency without reference to the **Executive** or **Council**, Subject to reporting of such action at the next available opportunity to the **Executive**. Emergency defined as potential serious injury or risk to human life, substantial property damage, financial loss or other circumstance deemed appropriate by the **Section 151 Officer**.
- 4.32 Forecast variances on approved capital projects must be communicated to the **Section 151 Officer** immediately.
- 4.33 Having notified the **Section 151 Officer**, the **Director or Head of Service** must submit options to the **Section 151 Officer** for offsetting the forecast variance (e.g. by reducing the project specification, or budget for other projects) and/or identifying additional funding.

Capital Budget Changes and Transfers

- 4.34 Virements of existing capital budgets between approved projects / schemes are permissible subject to the advice of the **Section 151 Officer** on any required changes to funding and subject to the following limitations. Where the virement involves more than one directorate, the agreement of all involved Directors / Executive Members is required.
- **Directors** with the **Section 151 Officer** can approve virements between budgets to a maximum of £500,000;
 - **Executive Members** in consultation with the **Section 151 Officer** can approve virements between £500,000 and £1,000,000
 - virements within the capital budget of between £1,000,000 and £5,000,000 shall be decided by **Executive**; and
 - virements over £5,000,000 shall only be decided by **Council**.

- All virements between £250,000 and £1,000,000 shall be retrospectively reported to the **Executive** as part of the corporate budget monitoring reports.
- 4.35 Increases or changes to capital schemes are permissible subject to the funding impacts being identified and subject to the following limitations:
- **Directors** with the **Section 151 Officer** can approve changes to capital budgets up to a maximum of £500,000;
 - **Executive Members** in consultation with the **Section 151 Officer** can approve changes between £500,000 and £1,000,000
 - changes to the capital budget of between £1,000,000 and £5,000,000 shall be decided by **Executive**; and
 - changes over £5,000,000 shall only be decided by **Council**.
 - All changes between £250,000 and £1,000,000 shall be retrospectively reported to the Executive as part of the corporate budget monitoring reports
 - All changes that fall outside the limits of the Council's approved Prudential Borrowing indicators, must be approved by **Council**
- 4.36 **Executive** approval is required for the reprofiling across years of a capital scheme's budget, or for a carry-forward of capital budgets at the end of the financial year.

Authorisation of Non-Budgeted Expenditure

- 4.37 In cases of urgency or emergency, the **Chief Executive** in consultation with the **Section 151 Officer** may approve revenue or capital expenditure in excess of the latest approved budget.
- 4.38 The **Section 151 Officer** may approve revenue or capital expenditure not provided for within the latest approved budget if satisfied that:-
- the expenditure is wholly reimbursable to the Council; or
 - compensatory savings have been identified; and
 - there are no significant full year effects.
- 4.39 In all circumstances, the expenditure must be consistent with the Corporate Plan and key priority plans and should be reported to the next **Executive** meeting.

5 FURTHER RESPONSIBILITIES OF DIRECTORS AND HEADS OF SERVICE

External Funding

- 5.1 **Directors**, in consultation with the **Section 151 Officer**, are encouraged to explore all feasible options that maximise external funding available to the

Council. External funding covers bids to Government and other organisations that are offering funding for projects that meet certain criteria. It also covers contributions being sought from participating organisations and individuals, from either public or private sources. This may include lobbying Government with new funding proposals. Paragraphs 3.12 to 3.19 and 3.34 to 3.41 cover the approval levels applicable for schemes to be approved in principle before any bid for funding is made.

- 5.2 In fulfilling the provisions detailed in paragraphs 3.12 to 3.19 and 3.34 to 3.41, decisions to make funding bids must contain the following information:-
- how the bid supports achievement of Corporate Plan ambitions;
 - whether the bid is for capital and/or revenue funding;
 - revenue and capital matched funding contributions required from the Council, and how these will be identified;
 - revenue and capital matched funding contributions required from other organisations and individuals, how these amounts will be secured, and the risks associated with them;
 - an 'exit strategy', which sets out how budgets will be adjusted after the grant expires;
 - where the bid is for revenue funding:-
 - whether this is to support existing levels of activity or enhanced / new activities;
 - proposals for reducing the activity OR incorporating it in the base budget once the external funding is exhausted;
 - where the bid is for capital funding:-
 - whether an asset will be created, and if so, how this fits in with the Council's Asset Management Strategy;
 - how the ongoing cost of maintaining the asset will be funded;
 - whether the asset can / will be disposed of at a later date
- 5.3 **Directors and Heads of Service** must not commit expenditure on projects requiring matched funding contributions until the external funding has been confirmed, unless approval has been given by the **Section 151 Officer** and subject to the other approvals required as part of the Financial Regulations.
- 5.4 Decisions to proceed ahead of confirming external funding will be taken after assessing all relevant risks. The **Section 151 Officer** has the right to refer the decision to the **Executive** or **Executive Member with responsibility for Finance**.
- 5.5 **Directors and Heads of Service** must advise the **Section 151 Officer** of all grant and subsidy notifications as soon as they are received. Where the amount notified is greater than the budget, the excess will be deemed a windfall and should in the first instance be returned to the general non-earmarked reserves unless regulations specify restrictions on their use which make this inappropriate or the underspend, additional income or windfall is to be used to offset uncontrollable overspends elsewhere within

the service. Where the amount notified is less than the budget, the **Director or Head of Service** must notify the **Section 151 Officer** of options for containing any potential variance.

- 5.6 Where external funding is applied for, it is the responsibility of the **Director or Head of Service** to ensure that the monies are received from the paying body and, wherever possible, received ahead of the planned expenditure being incurred by the council.
- 5.7 **Directors and Heads of Service** must advise the **Section 151 Officer** of the grant terms and conditions as soon as they are received. The **Section 151 Officer** will be responsible for accepting, or otherwise, the terms and conditions to be applied to the receipt of the grant or funding.
- 5.8 **Directors and Heads of Service** (and the **Head of Internal Audit** if Internal Audit sign off is required) must ensure that all conditions associated with external funding are met and that information and evidence required to complete grant and subsidy claims are provided on time and in sufficient detail to satisfy the requirements of the **Section 151 Officer** and the external funding body.

Full Year Effects

- 5.9 In preparing any estimates of expenditure and income, **Directors and Heads of Service** must give proper consideration to full year effects and future years' effects.

Control of Establishment Lists

Directors and Heads of Service are responsible for making arrangements to ensure control of the service HR Establishment list. In particular to ensure that proper controls are in place to ensure that the service HR structure is fully and accurately maintained in the Council's HR System iTRENT and that a system of control is in place to ensure that no new posts are created without adequate resources being in place and without the prior approval of the **Head of Performance, Improvement and Human Resources**.

Impact on Other Services

- 5.10 Before a **Director or Head of Service** makes a decision that could affect the budget of another **Director or Head of Service** they must first consult with the other **Director(s) or Head(s) of Service** and, if it is established that there is a financial impact, the decision must be agreed by the impacted **Director / Head of Service**.

Annual Governance Statement

- 5.11 **Directors and Heads of Service** must support the work on corporate risk management led by the **Section 151 Officer**, contributing to the production of the Annual Governance Statement. **The Audit Committee, the Monitoring Officer** and **Section 151 Officer** will sign off the Annual Governance Statement and its requirements prior to the statement being presented to the **Chief Executive** and **Leader of Council** for final approval and signature.

Partnership Working

- 5.12 Before entering into a partnership with another organisation that involves pooling some of the Council's revenue and/or capital budgets, the **Director or Head of Service** must ensure that adequate financial controls are in place in liaison with the **Section 151 Officer**. A financial risk assessment must also be prepared and monitored over time.

General Requirements

- 5.13 **Directors and Heads of Service** must consult the **Section 151 Officer** at an early stage on any current or future matter or decision that has financial implications that could impact on the Medium Term Financial Plan.
- 5.14 **Directors and Heads of Service** must adhere to guidance issued by the **Section 151 Officer** in respect to financial forward planning, budget setting, budget monitoring and closing of the accounts.
- 5.15 **Directors** must ensure that decision sheets that contain financial implications either in the current year or future financial years are forwarded to the **Section 151 Officer** for comment and clearance, prior to publication in line with the financial thresholds set out in the revenue and capital budgets sections of these regulations.
- 5.16 When preparing any decision notice, **Directors** and **Heads of Service** must make clear the financial implications of the decision that is being proposed. This must include proposed changes to revenue and capital expenditure and funding in current and future years, including the full year impact of the decision. Reports should include the estimated expenditure prior to the decision and subsequent to the decision, with details of the relevant cost codes. Links with expenditure and savings plans illustrated in the Medium Term Financial Plan must also be shown. Where reports / decision notices have proposed financial consequences of £50,000 or over, advice must be sought from the **Section 151 Officer**.

Loans and Financial Guarantees

- 5.17 Loans and financial guarantees to third parties are subject to the

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following approval limits:

- **Directors** with the **Section 151 Officer** may approve loans and or financial guarantees up to the value of £100,000
- **Executive Members** in consultation with the **Section 151 Officer** may approve loans and or financial guarantees between £100,000 and £250,000
- The **Executive** may approve loans and or financial guarantees between £250,000 and £1,000,000
- The **Council** may approve loans and or financial guarantees over £1,000,000

6 CLOSING OF ACCOUNTS & STATEMENT OF ACCOUNTS

- 6.1 The **Section 151 Officer** is responsible for planning for closing the accounts and producing the annual Statement of Accounts, as well as all matters relating to their audit and public inspection. **Directors** are responsible for ensuring that they and their staff adhere to the timetable and requirements set out by the **Section 151 Officer**.
- 6.2 The **Council** is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which are required to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and the Service Reporting Code of Practice (SeRCOP), both updated annually and supported by International Financial Reporting Standards (IFRS).
- 6.3 **Directors and Heads of Service** must provide on time all information and evidence the **Section 151 Officer** requires to close the accounts and complete all grant and subsidy claims.
- 6.4 The Annual Audit Letter includes the **external auditor's** report and opinion on the audit of the accounts, as well as comments and recommendations on the Council's financial standing, the legality of financial transactions and internal control. This will be reported each year to the **Audit Committee** or **Council**, together with an appropriate action plan.
- 6.5 The **Section 151 Officer** shall decide on any required accounting policies and publish those policies required, and any changes to them, in the annual Statement of Accounts.
- 6.6 The audited Statement of Accounts shall be approved by the **Executive, Council** or **Audit Committee** in accordance with the required legislative timetable.

7 TREASURY MANAGEMENT FRAMEWORK

- 7.1 The **Council** adopts the key recommendations contained in "The

Prudential Code for Capital Finance in Local Authorities (CIPFA, 2011), "Treasury Management in the Public Services: Code of Practice and cross sectoral guidance notes (CIPFA, 2011) and any subsequent recommended good practice by CIPFA.

- 7.2 The **Executive** shall agree a Treasury Management Policy and annual strategy to cover overall management of investments, cash flow management, banking arrangements and contracts, borrowing and capital financing arrangements on the basis of advice from the **Section 151 Officer** and report to **Council** accordingly. The **Section 151 Officer** will create and maintain suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. The content of the strategy and TMPs will predominantly follow the recommendations contained in Section 6 and 7 of the CIPFA Code, subject only to amendment where necessary to reflect the particular circumstances of the organisation. Such amendments will not result in the Council materially deviating from the Code's key recommendations.
- 7.3 **The Council** will ensure that regular reports are prepared for consideration by the **Executive Member with responsibility for Finance** and **Executive** on the implementation of its treasury management policies; on the effects of decisions taken and the 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.
- 7.4 As a minimum, the **Executive** will receive:
- An annual report on the strategy and plan to be pursued in the coming year
 - Both an annual, and also a mid-year 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 Council's Treasury Management Strategy and TMPs.

SUMMARY OF FINANCIAL REGULATIONS THRESHOLDS												
Budget Area	Revenue		3	Capital		Bids for Funding		Loans	Assets			
Ref	1	2		4	4	6	7	8	9	10	11	
Nature of Transaction	Budget transfers / virements (all)	Increasing gross revenue budget	New Capital Expenditure	Budget transfers / virements (all)	Increase gross capital budget	Submission of bids for capital funding	Submission of bids for revenue funding	Loans and Financial Guarantees	Purchase / transfer of assets / leases	Sale / disposal / transfer of assets / leases	Commercial Property Investment	
Financial Regulations Reference	PART ONE - FINANCIAL MANAGEMENT							PART TWO - FINANCIAL ADMINISTRATION				
	4.20	4.21	3.42 - 3.47	4.34	4.35	3.34 - 3.41 and 5.2	3.12 - 3.19 and 5.2	5.17	18.1 - 18.7	19.1 - 19.6	19.9	
Notes	Virement of existing budgets under the responsibility of one or more directors with no increase in gross revenue expenditure budget	Increasing gross revenue budget with financing from income, savings, grant or reserves and no increase in net revenue budget	New in-year capital budgets with funding within the Council's approved Prudential Indicators	Virement of existing budgets under the responsibility of one or more directors with no increase in gross revenue expenditure budget	Increases / changes to approved capital schemes as a result of budget variances, with changes to funding	Submission of bids for external capital funding - in principle agreement to the scheme and its revenue and capital impact	Submission of bids for external revenue funding - in principle agreement to the scheme and its financial impact	Approval of new loans and financial guarantees to third parties	Approvals of land, property or asset purchase / transfer / acquisition	Approvals of land, property or asset sale / transfer / disposal	Approvals of investment in property / assets from the Commercial Investment Fund	
Approval Levels												
Heads of Services	Heads of Service for all the involved services - up to £250,000	Up to £100,000 (with no call on corporate resources)				Up to £250,000 and without any match funding requirements	Up to £250,000 and without any match funding requirements					
s151 Officer									Value / whole life rent of up to £500,000	Value / whole life rent of up to £500,000		
Director(s) and s151	Directors of the all involved Directorates, plus s151 - £250,000 to £500,000	£100,000 to £500,000	Up to £500,000	Directors of the all involved Directorates, plus s151 - up to £500,000	Up to £500,000	£250,000 to £1,000,000	£250,000 to £1,000,000	Up to £100,000				
Executive Member(s) (plus Director and s151)	Executive Members for all portfolios involved, plus Directors and s151 - £500,000 to £1,000,000	£500,000 to £1,000,000	£500,000 to £1,000,000	Executive Members for all portfolios involved, plus Directors and s151 - up to £1,000,000	£500,000 to £1,000,000	£1,000,000 to £5,000,000	£1,000,000 to £5,000,000	£100,000 to £250,000	Value / whole life rent of £500,000 to £1,000,000	Value / whole life rent of £500,000 to £1,000,000	Up to £1,000,000	
Retrospective report to Executive for information (Quarterly)	£250,000 to £1,000,000	£250,000 to £1,000,000	£250,000 to £1,000,000	£250,000 to £1,000,000	£250,000 to £1,000,000	£500,000 to £5,000,000	£500,000 to £5,000,000		Value / whole life rent of £500,000 to £1,000,000	Value / whole life rent of £500,000 to £1,000,000	Up to £1,000,000	
Executive	£1,000,000 to £5,000,000	£1,000,000 to £5,000,000	£1,000,000 to £5,000,000	£1,000,000 to £5,000,000	£1,000,000 to £5,000,000	£5,000,000 to £10,000,000	£5,000,000 to £10,000,000	£250,000 to £1,000,000	Value / whole life rent of £1,000,000 to £5,000,000	Value / whole life rent of £1,000,000 to £5,000,000	£1,000,000 to £5,000,000	
Council	Over £5,000,000	Over £5,000,000	Over £5,000,000	Over £5,000,000	Over £5,000,000	Over £10,000,000	Over £10,000,000	Over £1,000,000	Value / whole life rent of over £5,000,000 and any CPOs regardless of value	Value / whole life rent of over £5,000,000	Over £5,000,000	

Part 2 – Financial Administration

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1. INTRODUCTION

- 1.1 These Financial Rules apply to all financial transactions of the Council with the exception of schools with delegated budgets, who are required to have their own set of financial regulations.
- 1.2 They are designed to safeguard the interests of the Council and individual officers by setting out clear procedures to be followed under the various sections.
- 1.3 This should be used in conjunction with other points of the constitution, legal requirements and other codes of practice which may be issued under 1.5 of this section.

1.4 The **Section 151 Officer** or **Head of Internal Audit**, after discussion with the relevant Chief Officer, may report any breach of this Code to the **Executive**.

1.5 These Financial Rules may be supplemented at any time by other codes of practice or instructions issued by the **Section 151 Officer**.

2. FINANCIAL SYSTEMS

2.1 The **Section 151 Officer** shall establish all relevant corporate financial systems to enable the Council to maintain proper standards of financial administration and probity.

2.2 **Directors** shall be responsible for the accuracy and completeness of financial information held in operational systems under their control and the completeness of information transferred to corporate financial systems from systems under their control.

2.3 The **Section 151 Officer** shall ensure there are relevant procedures to ensure the integrity and completeness of interfaces between the Council's financial systems.

2.4 **Directors** shall be responsible for retaining records of financial transactions for an appropriate time after the transactions take place. Advice on record retention shall be provided by the **Head of Internal Audit** in consultation with the council's **Information Governance Group** as time limits may apply to specific sets of records.

3. INTERNAL AUDIT

3.1 Under the Accounts and Audit Regulations 2011 the **Council** has a statutory obligation to have an adequate and effective system of internal audit.

3.2 Internal Audit is an assurance function that provides 'an independent and objective opinion to the council on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources'. *CIPFA 2006*

3.3 **Directors** are responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the organisation that these arrangements are in place and operating properly. The annual internal audit opinion, which informs the Annual Governance Statement, both emphasises and reflects the importance of this aspect of

internal audit work. Management's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

- 3.4 The **Head of Internal Audit** and **Section 151 Officer** shall advise on systems of internal control at the request of Directors who are advised to consult as a matter of course in their considerations.
- 3.5 The **Audit Committee** shall approve an Internal Audit Strategy and Plan, including a definition of its role, an annual audit plan and any relevant internal audit policy, on the basis of advice from the **Section 151 Officer**, specifically to review internal control in the Council.
- 3.6 As part of the internal reporting structure, the **Head of Internal Audit** will advise the **Statutory Officers Group** of key findings and recommendations. The **Statutory Officers Group** will comprise at least the **Chief Executive**, the **Monitoring Officer** and the **Section 151 Officer**.
- 3.7 The **Section 151 Officer** and **Head of Internal Audit** shall deliver the Internal Audit Plan as agreed by the **Audit Committee**.
- 3.8 The **Section 151 Officer** and **Head of Internal Audit** shall define a means for judging the importance of recommendations, including a definition of a high priority recommendation which shall be used for reporting findings to the **Audit Committee**.
- 3.9 The **Section 151 Officer** and **Head of Internal Audit** shall have unrestricted access to all records, property, officers or any other resource of the Council and its contractors of any nature and shall be given access immediately it is requested.
- 3.10 The **Head of Internal Audit** shall agree the results of individual audit reviews with relevant **Director(s)** or their officers, including an action plan to rectify issues raised and a process for following up the action agreed to ensure it is implemented.
- 3.11 Any disagreement between **Directors** and the **Head of Internal Audit** over a matter judged to be fundamental shall be referred to the **Section 151 Officer** for further discussion and action. Any disagreement between the **Head of Internal Audit** and the **Section 151 Officer** in his/her role as **Director of Corporate Services** shall be initially referred to the **Deputy Section 151 Officer** for consideration. Ultimately the **Head of Internal Audit** can refer any unresolved issue to the **Chief Executive**.
- 3.12 The **Section 151 Officer** shall report any high priority recommendations arising from Internal Audit reviews and action agreed by **Directors** to the **Audit Committee** as appropriate to the level and seriousness of the issue, but at least annually.

3.13 The **Section 151 Officer** and **Head of Internal Audit** shall develop an Annual Assurance Statement for the **Audit Committee** to place reliance on integrity and completeness of the Council's financial systems and statements.

4. ANTI-FRAUD

4.1 Under Section 151 of the Local Government Act 1972 the Council has a statutory obligation to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption.

4.2 The **Executive** shall agree an Anti-Fraud and Corruption Policy for officers, members and the public, including consideration of receipt and acceptance of gifts, hospitality and promotional offers on the advice of the **Monitoring Officer** and **Section 151 Officer**.

4.3 The **Audit Committee** shall agree an annual Anti-Fraud work programme for Internal Audit and consider any high priority recommendations arising from that work.

4.4 The **Executive** shall agree procedures for the authorisation of surveillance work required by the **Section 151 Officer** and/or **Head of Internal Audit** which shall comply with any relevant legislation on Human Rights or similar matters as advised by the **Monitoring Officer**.

5. RISK MANAGEMENT

5.1 Sound governance requires effective and efficient management of risk and maximising opportunities, covering all forms of risk, not just financial.

5.2 The process of identifying risks should demonstrate a direct link to the Corporate Objectives.

5.3 Risks are assessed using the matrix scoring system which rates each risk as having a high, medium or low likelihood of occurring and a high, medium or low impact on the ability to deliver against the Corporate Objectives.

5.4 All risks should be monitored and re-assessed based on the actions and activities that either mitigate the risk or have had an impact on the risk objective that has either increased or decreased the likelihood or impact.

5.5 The process of re-assessing the risk is conducted by the "lead officer" who is identified in the risk log, and accepted by the **Director or Head of Service**.

- 5.6 The approach to risk management within the Council is that **Directors and Heads of Service** are responsible for ensuring their service has a robust and efficient method of managing risk.
- 5.7 The **Audit Committee** shall agree a Risk Management Strategy and a Risk Management Methodology for the Council on the basis of advice from the **Section 151 Officer**.
- 5.8 The **Section 151 Officer** shall set out procedures for **Directors** to ensure that risks (threats and opportunities) are notified promptly and shall respond to those notifications by advising on the risk control measures to manage the risks as appropriate within the Risk Management Strategy.
- 5.9 The **Section 151 Officer** shall be responsible for all strategic risk management arrangements including identification, evaluation, control and review of risks (threats and opportunities), the maintenance of risk registers and the provision of appropriate guidance for Members, Directors and Officers in respect of risk management in decision making, service planning, project management, procurement and Internal Audit.
- 5.10 The **Section 151 Officer** shall define a means for judging the significance of risks (threats and opportunities), including the definition of threats and opportunities and the Council's appetite to risk, which shall be used for reporting risks to Members.
- 5.11 The **Section 151 Officer** shall report all strategic risks (threats and opportunities) to the **Corporate Management Team**, the **Audit Committee** and the **Executive** as appropriate.

6. **BANKING ARRANGEMENTS**

- 6.1 All banking arrangements shall be organised by the **Section 151 Officer** who may open, close, operate, define, amend or in any other way change such banking accounts as are considered necessary to operate the Council's business and who shall define appropriate procedures for the control of cheques, overdrafts, signatures, foreign currency transactions and any other banking matter. All accounts are to bear the Council's name and under no circumstances to bear the name of any individual officer or Member.
- 6.2 Under no circumstances are any other officers of the Council authorised to open, close or amend bank accounts, building society or any other financial institution account unless delegated to do so by the **Section 151 Officer**.
- 6.3 The **Section 151 Officer** shall ensure that all bank accounts of the Council are reconciled with appropriate accounting records at least monthly.

- 6.4 The **Section 151 Officer** shall be authorised to issue credit and purchasing cards on the Council's bank accounts and procedures for their operation where considered appropriate for the efficient operation of the Council's business.
- 6.5 The **Section 151 Officer** shall issue procedures for all relevant officers on accounting for, and banking of, all income collected.
- 6.6 All income collected for the Council by officers (or any other parties) shall be banked as soon as possible into one of the Council's bank accounts and under no circumstances should any Council monies be paid into personal or other accounts.

7. INCOME COLLECTION, FEES AND CHARGES (GENERAL PROVISIONS)

7.1 Statutory Fees and Charges

Where the level of fees and charges are regulated by primary and secondary legislation (e.g. planning applications), no additional approval is required.

7.2 Local Fees and Charges

Changes to charges and proposed new charges should take account of the Council's income principles and guidance for determining fees and charges. The following limits apply

Decision maker	Estimated additional / reduced income (per annum)		Increase / decrease in charge
Director	Up to £100,000	OR	Up to and including 5%
Executive Member	Up to £300,000	OR	Over 5% and up to 10%
Executive	£300,000 or over	OR	Over 10%

Exceptions

The relevant Director(s) shall agree, on an appropriate ad-hoc basis, fees, charges, tariffs or other means of setting prices where the nature of the business is such that a flexible pricing policy is required. The areas of such flexibility are to be agreed with the relevant Executive Member.

All changes to car parking charges shall be subject to approval by the Executive.

7.3 The relevant **Director(s)** shall ensure that all income due to the Council is requested and collected as soon as is possible and levied in accordance with the price levels agreed by the **Executive Member(s)** and **Executive**.

7.4 **Directors** shall decide how the income concerned should be best collected, receipted and recorded in accordance with procedures issued by the **Section 151 Officer** and on the advice of the **Head of Internal Audit**.

8. ISSUING OF INVOICES

8.1 The **Section 151 Officer** shall set out procedures for **Directors** to be able to issue invoices to debtors of the Council.

8.2 Where an invoice is to be issued, **Directors** shall request the issue of an invoice as soon as it is possible for the Council to charge.

8.3 The **Section 151 Officer** shall issue invoices requested as soon as possible after a request is received and shall decide on appropriate procedures to chase payments due and shall take all reasonable steps to ensure monies due are collected.

8.4 All debt must be collected in accordance with the Council's Debt Recovery Policy.

8.5 The **Section 151 Officer** shall issue procedures for the issue of debtors' invoices at the year-end and accounting for such invoices in the Statement of Accounts of the Council.

8.6 After all appropriate steps have been taken by the **Section 151 Officer**, sums owing may be written off by the **Section 151 Officer** up to the sum of £10,000 for any one debt.

8.7 The **Executive Member with responsibility for Finance** shall have the power to write off debts due over the value of £10,000, on the advice of the **Section 151 Officer**. Any debt requiring write off over £100,000 shall be required to be reported to **Audit Committee** at the earliest opportunity.

8.8 In the event that sundry debts cannot be collected and are written off using the approval systems then the sum in question shall be written back to the budget which was originally credited with the income to be collected.

8.9 The **Section 151 Officer** shall be authorised to agree the level of bad debt provision to be included in the annual Statement of Accounts.

8.10 Income due to the Council arising from any legal agreement, contract or sale of fixed assets shall only be finalised after approval of the legal agreement by the **Monitoring Officer**.

9. CASH HANDLING

- 9.1 **Directors** shall be responsible for ensuring that any service under their control which involves charging users of the service and immediate payment in cash (or other means such as cheque, credit card, etc) has appropriate procedures to receive, record, account for, transfer, handle and bank such cash and that such procedures are followed.
- 9.2 The **Head of Internal Audit** shall advise **Directors** as appropriate on the procedures adopted, or to be adopted, for the handling of cash and acceptable means of payment to the Council under these circumstances.
- 9.3 The **Section 151 Officer** shall arrange means by which cash can be banked into the Council's bank accounts and correctly recorded and shall issue procedures in this regard.
- 9.4 In all circumstances total cash received shall be banked in full as it is received and as soon as is appropriate to the volume being held.
- 9.5 The **Section 151 Officer** shall arrange a means by which any debtor of the Council can pay any amount owing by accessible means, including in person at the Council's offices during office hours.
- 9.6 The **Section 151 Officer** shall arrange suitable safeguards for all payment streams including security for, and transport of, cash received at offices of the Council.
- 9.7 In the case of cash holdings, **Directors** shall establish a maximum amount to be held by officers under their control. The **Head of Internal Audit** shall provide advice to **Directors** on appropriate safeguards, the use of safes and receptacles, together with procedures for the handling of cash and the operation of safes.

10. PETTY CASH & IMPREST ACCOUNTS

- 10.1 The **Section 151 Officer** shall set out procedures for the operation of petty cash and imprest accounts which shall be followed by officers of the Council.
- 10.2 **Directors** may request the creation of petty cash or imprest accounts for any of the officers under their line management which the **Section 151 Officer** shall create.
- 10.3 The Commissioning, Contracting and Funding Team, CYPS Resources Service has arranged Purchase cards accounts for Schools with the Council's

bankers, on which cards can be issued to named individuals, where a need can be justified. This process will require specific approval of the Head Teacher or the Chair of Governors and the Commissioning, Contracting and Funding Manager before the card can be issued.

- 10.4 The issue of such cards within the Council should only be done with the prior approval of the **Head of Internal Audit**.

11. MINOR ASSET SALES

- 11.1 **Directors** shall be authorised to dispose of any item which is not land or buildings (as defined) and where the estimated disposal value is less than £10,000 shall follow the procedures for such disposals as set out in Part C of the Contract Standing Orders.
- 11.2 Where the estimated disposal value is over £10,000 advice must be sought from the **Head of Internal Audit** or the **Section 151 Officer**, who shall recommend an appropriate disposal method for submission to the relevant **Executive Member**.

12. INSURANCE

- 12.1 The **Section 151 Officer** shall agree an Insurance & Risk Management Policy for the Council which shall include the approach to be adopted by the Council to insuring against potential risks.
- 12.2 The **Section 151 Officer** shall set out procedures for **Directors** to ensure that risks are notified promptly and shall respond to those notifications by insuring against such risks as appropriate within the Insurance & Risk Management Policy.
- 12.3 The **Section 151 Officer** shall be responsible for all central insurance arrangements including arranging insurance cover, maintaining records, paying premiums, holding policy documents and handling claims.
- 12.4 The **Section 151 Officer** shall administer the Council's Insurance Fund on the basis of the Insurance & Risk Management Policy of the Council, subject to an annual review by the **Executive Member with responsibility for Finance**.
- 12.5 **Directors** shall notify the **Section 151 Officer** of any potential, likely or actual claim on the insurance immediately they are aware of such claims; no admission of liability shall be made in any circumstances. Any individual claims for more than £100,000 shall be notified to the **Executive Member with responsibility for Finance**.

12.6 If the Council is requested to insure any third party, individual or organisation not directly employed or related to the Council, or directly conducting Council business, then the **Section 151 Officer** shall be authorised to make any such indemnification as is judged reasonable in the circumstances or to refuse to make any such cover.

13. RESERVES, FUNDS & PROVISIONS

13.1 The **Section 151 Officer** shall be authorised to create, amend, close, or in any other way administer reserves, funds and provisions as considered appropriate for the benefit of the Council.

13.2 Prior to the publication of the annual unaudited Statement of Accounts, the **Executive Member with responsibility for Finance** shall review the Council's reserves, funds and provisions annually on the basis of advice and information which shall be provided by the **Section 151 Officer**.

14. VALUE ADDED TAX

14.1 **Directors** shall ensure that all financial transactions are recorded with the correct treatment of VAT and shall provide whatever information is needed for the **Section 151 Officer** to make the appropriate returns to H.M. Revenue and Customs.

14.2 The **Section 151 Officer** shall provide advice to **Directors** on the correct VAT treatment of financial transactions and shall ensure that appropriate returns are made to H.M. Revenue and Customs.

14.3 The **Section 151 Officer** shall retain all records necessary to satisfy H.M. Revenue and Customs requirements for record support and retention.

14.4 Any issues arising from H.M. Revenue and Customs shall be reported to the **Executive Member with responsibility for Finance**.

14.5 Employment tax, primarily Income Tax and National Insurance (NI), is handled on a day to day basis by the Payroll Team. The Council is required, under the PAYE regulations, to deduct tax at source from any payments made in the nature of employment. This means that any payments made to individuals for employment purposes will have tax and NI deducted before the payment is made over - unless there is a specific exemption for the payment being made. It is important to note that employment status for taxation purposes may differ from employment status for contract and employment law purposes. **Directors**, in consultation with the **Head of Performance, Improvement and Human Resources** and the **Section 151 Officer**, will

ensure that payroll are informed of all contractual arrangements, prior to commencement of employment.

15. CLIENT'S PROPERTY

- 15.1 **Directors, or employee contractors** who are responsible for the private property of any person under their guardianship or supervision, other than officers, shall take all reasonable steps to prevent or mitigate loss or damage to that property, retain a complete, accurate and up to date register of any such property immediately on taking responsibility for the person; and shall arrange for the safe custody of all items in that inventory.

16. ASSETS, PROPERTY & LAND (GENERAL PROVISIONS)

- 16.1 **Directors** and **Heads of Service** are responsible for the proper security and privacy of all information assets under their control, for ensuring that these information assets can only be accessed by authorised personnel and that adequate controls exist to ensure the separation of duties.
- 16.2 **Directors** and **Heads of Service** are responsible for undertaking a risk assessment of all assets considered crucial to the delivery of the service. The risk assessment should cover the loss of the asset caused by malfunction and the possibility of restricted access caused by an emergency crisis and the mitigating actions and contingency plans that will need to be developed to support business continuity.

17. ASSETS, PROPERTY & LAND (LAND & PROPERTY)

- 17.1 All land and property of the Council in the corporate ownership of the Council shall be controlled by the **Executive**.
- 17.2 The **Executive** shall allocate such land and property necessary for a Director to discharge their service delivery responsibilities. Any land and property not allocated to an individual **Director** for delivery of their service shall be controlled by the **Head of Property and Asset Management**.
- 17.3 **Directors** shall ensure that assets under their control are used to the benefit of the Council and the services to be delivered and shall maintain and use assets in accordance with the Council's Asset Management Plan and Capital Strategy and any relevant directorate/service Asset Management Plan.
- 17.4 **Directors** shall ensure that assets under their control are secured appropriate to the risks involved and the value of the assets.

- 17.5 **Directors** shall have responsibility for the safe custody, protection, security, maintenance and recording of all assets, buildings, land, vehicles, IT and general equipment, stocks and stores used in providing services under their control and shall follow guidance issued by the **Section 151 Officer** in relation to insurance of those assets.
- 17.6 All freehold land and property shall be in the named ownership of North Somerset Council and under no circumstances shall ownership be conferred on individual members or officers of the Council or governors of schools or other bodies associated with the Council, such as a school.
- 17.7 The **Monitoring Officer** shall arrange for the safe custody and recording of documents held by the Council relating to its ownership of land or properties.

18. LAND PURCHASES

- 18.1 The **Council** shall approve a land purchasing procedure which will set out the process to be adopted to gain freehold or leasehold ownership of land, property or any other major asset of the Council on the advice of the **Section 151 Officer**.
- 18.2 All land and property purchases or capitalised leases shall have the necessary capital programme approvals before the purchase or lease is completed.
- 18.3 The **Council** shall approve any land, property or asset purchase/transfer with a value of more than £5,000,000 and/or a lease which will cost more than £5,000,000 in rental over its life and/or any Compulsory Purchase Orders irrespective of value.
- 18.4 The **Executive** shall have the power to purchase any land, property or asset or agree any lease with a life value of between £1,000,000 and up to £5,000,000 and shall be advised by the **Section 151 Officer**.
- 18.5 The **Executive Member with responsibility for Property** shall approve any land, property or asset purchase/transfer with a value between £500,000 and £1,000,000 and/or a lease which will cost between £500,000 and £1,000,000 in rental over its life.
- 18.6 The **Section 151 Officer** shall have the power to purchase any land, property or asset or enter into any lease with a life value of up to £500,000.
- 18.7 All purchases/transfers with a value or whole life lease rent of between £500,000 and £1,000,000 shall be retrospectively reported to the Executive as part of the corporate budget monitoring report.

19. LAND SALES & TRANSFERS

- 19.1 The **Council** shall approve a land sales procedure which will set out the process to be adopted to sell land, property or any other asset of the Council and a procedure for agreeing any lease or concession from which the Council will gain an income on the advice of the **Section 151 Officer**.
- 19.2 The **Council** shall approve any land, property or asset sale with a value of more than £5,000,000 and/or a lease which will generate £5,000,000 or more in income over its life.
- 19.3 The **Executive** shall have the power to sell any land, property or asset or agree any lease or concession with a life value of between £1,000,000 and £5,000,000.
- 19.4 The **Executive Member with responsibility for Property** shall have the power to dispose of any land, property or asset or let a lease or concession with a life value of between £500,000 and £1,000,000.
- 19.5 The **Section 151 Officer** shall have the power to dispose of any land, property or asset or let a lease or concession with a life value of up to £500,000.
- 19.6 All sales/transfers or life value leases/concessions of between £500,000 and £1,000,000 shall be retrospectively reported to the Executive as part of the corporate budget monitoring report.
- 19.7 The **Section 151 Officer** of the Council shall be required to provide any necessary advice to **Directors, Executive Members** and the **Executive** on the value of land and property where there is a proposal to sell.
- 19.8 The **Director of Corporate Services** shall have the authority to sell, or dispose of any interest in any council properties under 'Right to Buy' or similar disposal legislation with no financial limit, subject to a quarterly report of such sales to the relevant **Executive Member**.

19a COMMERCIAL PROPERTY INVESTMENT

- 19.9 The Council's Property Investment Strategy provides for the establishment of a Commercial Investment Fund under the management of a **Property Investment Board**,
- 19.10 **The Council** has approved in principle, a Commercial Investment Fund of up to £50m. Approval of each individual investment decision to be funded from the Commercial Investment Fund requires a separate approval as follows:-

- Up to £1,000,000 – **Executive Member** with advice from the **Director** and the **s151 Officer** and reported retrospectively to **the Executive** at the earliest possible opportunity
- Up to £5,000,000 – **the Executive**
- Over £5,000,000 – **the Council**

20. LEASING

- 20.1 The **Section 151 Officer** shall organise corporate leasing arrangements for the Council and issue guidance to **Directors** on how they may access such arrangements to obtain goods under the arrangements made.
- 20.2 No contract hire or leasing arrangement shall be entered into without the express approval of the **Section 151 Officer** who shall make any arrangement as is necessary within the Council wide arrangements, or who may tailor arrangements to meet Directors' needs.

21. INVENTORIES

- 21.1 **Directors** shall be responsible for the care and custody of stocks and stores used by officers under their line management.
- 21.2 **Directors** shall establish appropriate control arrangements for inventories in liaison with the **Head of Internal Audit**.
- 21.3 Any stock shortfalls arising as a result of a stock-take shall be written off by **Directors** up to a limit of £1,000 or 10% of the value of the stock held, whichever is the greater.
- 21.4 Any stock shortfalls arising as a result of a stock-take of more than £1,000 or 10% of the value of the stock held shall be subject of a review by the **Head of Internal Audit** who shall report to the relevant **Director** and **Executive Member** with a recommended course of action. The relevant **Executive Member** shall be authorised to write off stock shortfalls arising in these situations up to a limit of £20,000.
- 21.5 Any stock shortfalls arising of more than £20,000 shall be reported to the **Executive** for write off, subject to a report to the **Audit Committee** on any financial or other consequences of such a loss.

22. MINOR ASSETS, IT AND OTHER EQUIPMENT

- 22.1 **Directors** shall be responsible for the care and custody of minor assets, equipment and IT used by officers under their line management.
- 22.2 **Directors** shall ensure that inventories of equipment are held, up to date and appropriate to the equipment in question, on the advice of the **Head of Internal Audit** and, where relevant, in accordance with the Council's ICT policies.
- 22.3 **Directors** shall ensure that appropriate action is taken to secure items belonging to the Council and that they are appropriately and clearly marked as being the property of the Council.

23. INVESTMENTS, BORROWING, CAPITAL FINANCING & TRUST ACCOUNTS

- 23.1 All investments, except bearer securities, controlled by the Council shall be registered in the Council's name or in the name of nominees approved at an **Executive** meeting. In order to maximise the return on temporary surplus cash balances and minimise the cost of short-term borrowing, the Council employs a policy of "Treasury Management". The Council has adopted the CIPFA Code of Practice on Treasury Management in Local Authorities.
- 23.2 All securities shall be held securely by the Council's bankers, the **Section 151 Officer** or custodians approved at an **Executive** meeting.
- 23.3 The **Section 151 Officer** shall ensure that all borrowing and, whenever applicable trust funds, are registered in the name of the Council.
- 23.4 The **Section 151 Officer** will set Prudential Indicators, as outlined in the Prudential Code for Capital Finance in Local Authorities, for the forthcoming and following two financial years. The **Section 151 Officer** will also provide regular monitoring reports to and report any breaches or amendments of the code to the **Executive**.
- 23.5 The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plan of the Council is affordable, prudent, sustainable and in accordance with good professional practice – or, in exceptional cases, to demonstrate that there is a danger of not ensuring this, so that the **Council** can take timely remedial action.
- 23.6 The **Section 151 Officer** will be the Council's registrar of all stocks and bonds. In addition, this officer will maintain a register of all loans and investments made in the name of the Council.
- 23.7 The **Section 151 Officer** shall ensure that all legislative amendments and changes in treasury or capital limits are approved at an **Executive** meeting and where necessary **full Council**.

23.8 The **Section 151 Officer** will be responsible for adopting any changes and ensuring compliance with any amended practices or limits.

24. ORDERING OF SUPPLIES, WORKS & SERVICES

24.1 The Procurement process guides that support the Procurement Strategy of the Council shall include procedures for the ordering of work, goods, services or other facilities for which the Council shall be financially liable and therefore invoiced by a third party, and acceptable methods of ordering work and approving the order to be made.

24.2 The Procurement process guides shall include definitions of what constitutes sufficient evidence that the Council has placed an official order for goods or services which will reflect procurement methods at that time.

24.3 The corporate purchase-to-pay processes (such as No PO, No Pay policy) will be adhered to by suppliers for goods, works and services, unless identified as a specific exemption to the process. This will ensure that consistency, visibility and control is provided across the Council.

24.4 **Directors** shall ensure that all invoices received shall be checked by officers under their control against the order placed, examined, checked, verified and (for non-PO invoices) authorised for payment by authorised officers of the Council. Invoices not authorised for payment will be escalated using automated workflows within the Council's financial management system.

24.5 The **Section 151 Officer** shall organise for all invoices received to be paid as appropriate to the creditor concerned and on terms which are judged to be the most beneficial for the Council as a whole and which are in line with legislation on the payment of invoices.

24.6 The **Section 151 Officer** shall ensure that the procedures adopted are integrated with the Council's banking and cash management policies and procedures, including the payment of any sums not in sterling.

24.7 The **Section 151 Officer** shall be authorised to issue other supplementary procedures for the processing of invoices, such as for sub-contractors, as is deemed reasonable to safeguard public money and properly process payments due.

24.8 The **Section 151 Officer** shall issue procedures for the processing of invoices at the year end and the recognition of creditors of the Council at that time.

24.9 The **Section 151 Officer** shall organise a system to enable **Directors** to make payments to suppliers as a matter of urgency and shall notify **Directors** as appropriate of the procedure

24.10 Procurement of supplies, works and services must be in accordance with Contract Standing Orders and Procurement Strategy. It is a disciplinary offence to fail to comply with Contract Standing Orders and the Procurement Strategy when letting contracts. Council employees have a duty to report breaches of Contract Standing Orders to an appropriate senior manager and the **Head of Internal Audit**. The procedures for initiating procurement activity, for authorising and accepting tenders and the financial limits for procurement are set out in the Contract Standing Orders and are not repeated here.

24.11 Payments in advance: **Directors** and **Heads of Service**, prior to authorising payments in advance, must undertake a risk assessment of the supplier or service provider defaulting. All payments in advance in excess of £100,000 must be notified to the **Section 151 Officer**.

25. CONTRACTS AND CONTRACTING

25.1 The **Council** shall agree Contract Standing Orders which shall set out detailed procedures for the procurement of works, goods and services by the Council, the letting of contracts by the Council and the roles and responsibilities of officers and Members.

25.2 **The Executive** shall propose amendments to Contract Standing Orders on the basis of advice from the Section 151 Officer and Monitoring Officer.

25.3 **The Executive** shall agree a Competition Policy and Procurement Strategy for the Council on the basis of advice from the **Director of Corporate Services**.

25.4 **Directors** shall be responsible for ensuring that all officers under their management are aware of the Contract Standing Orders, the Competition Policy and Procurement Strategy and follow them to the standards expected.

25.5 The **Council** shall decide on any commissioning plan with an estimated contract value of £10m and over.

25.6 The **Executive** shall decide:

- Contract award approval for any contract with a contract value of £5m and over (£10m and over for capital projects);
- The commissioning plan where the estimated contract value is between £1m and £9,999,999.

25.7 The responsible **Executive Member** shall decide:

- The commissioning plan where the estimated contract value is between £500,000 and £999,999;

- In consultation with the relevant Director and the Head of Strategic Procurement, the procurement plan where the estimated contract value is over £500,000

25.8 The responsible **Director** shall decide:

- Contract award approval where the contract value is up to £99,999
- The commissioning plan where the estimated contract value is between £100,000 and £499,999;
- In consultation with the Head of Strategic Procurement, the procurement plan where the estimated contract value is between £100,000 and £499,999;
- In consultation with the s. 151 officer and the Head of Strategic Procurement, contract award approval where the contract value is between £100,000 and £4,999,999 (£9,999,999 for capital projects);

25.9 **Directors** shall assign appropriate officers to manage contracts under their control and in line with all relevant policies of the Council.

25.10 The **Chief Executive** will make appropriate arrangements for the review of significant revenue contractors, the underlying contract and the expiry date annually on the basis of information which shall be supplied by **Directors**.

26. STAFF STRUCTURES & HUMAN RESOURCES

26.1 The **Chief Executive** shall develop a Human Resources Strategy for the agreement of the **Executive Member with responsibility for Human Resources** and the **Executive**.

26.2 The **Executive** shall decide on the pay and conditions structure and human resources policies applicable to all officers of the Council on the advice of the **Chief Executive**.

26.3 The **Chief Executive** shall develop relevant other human resources policies, for example on pensions, health and safety, appointments, disciplinary and any other aspect of the management of human resources.

26.4 **Directors** shall be responsible for the organisation and management structure of their Directorate and shall ensure that human resources policies of the Council are applied in full for all officers under their control.

26.5 **Directors** shall be authorised to appoint to established posts under their line management, up to and including grade JM4.

26.6 **Directors** shall be authorised to appoint to established posts under their line management over grade JM4 and below the Employment Committee appointments (see 26.7), with the prior approval of the **Chief Executive**.

- 26.7 The **Employment Committee** shall interview candidates to make appointments to the following posts
- a) the Head of Paid Service subject to approval by the Council and
 - b) Directors and s151 finance officer and monitoring officer
- 26.8 **Directors** shall be authorised to change the structure and number of posts under their control, up to and including grade JM4, subject to the cost being contained within budgets allocated to them and following appropriate consultation with the **Head of Human Resources**..
- 26.9 Changes in the structure and / or changes in the number of posts above grade JM4 and below those posts for which Employment Committee is responsible for making appointments (see 26.7) shall be authorised by the director with the prior approval of the Chief Executive and Head of Human Resources.
- 26.9A Changes in the structure and / or changes in the number of posts for which Employment Committee is responsible for making appointments (see 26.7) shall be authorised by the Executive
- 26.10 Any honoraria or acting up payments for those posts for which Employment Committee is responsible for making appointments (see 26.7) shall require prior approval of the **Employment Committee** while honoraria for other posts shall be authorised by the Director with prior approval of the Chief Executive. All honoraria or acting up payments shall be made in accordance with any policy issued by the **Head of Human Resources**.
- 26.11 The **Chief Executive** shall establish a formal consultation forum for the Council to consult recognised Trade Unions on Council wide people management and other issues.
- 26.12 The **Chief Executive** shall allocate one officer of the Council to lead in all matters of industrial relations with Trade Unions recognised by the Council; this will normally be the **Head of Performance, Improvement and Human Resources**.
- 26.13 The **Chief Executive** shall allocate one officer of the Council to lead on all matters of health and safety; this will normally be the **Head of Performance, Improvement and Human Resources**.
- 26.14 The **Chief Executive** shall establish appropriate human resources information monitoring and reporting systems for the **Executive**, in consultation with the **Executive Member with responsibility for Human Resources**.
- 26.15 **Directors** shall establish appropriate training and development plans for officers in consultation with **Head of Performance, Improvement and**

Human Resources and the **Executive Member with responsibility for Human Resources**.

27. PAYROLL & EXPENSES

- 27.1 Payment of any salary, wages, pensions, compensation or any other payment to an individual shall only be made by the **Section 151 Officer** in accordance with the established pay and conditions structure and other policies of the Council and in accordance with information from relevant government agencies on statutory deductions from pay.
- 27.2 **Directors** shall be responsible for notifying the **Section 151 Officer** of all officers under their control and the appropriate grade and rate of pay applying at any time, and any changes of those circumstances as soon as they are known and any ad-hoc payments to be made such as for overtime.
- 27.3 **Directors** may delegate officers pay and condition notifications to appropriate authorised officers under their control, such officers shall be notified to the **Section 151 Officer** in advance.
- 27.4 No payment of salaries, wages or any other payment to officers for work performed shall be made from petty cash, local bank account or other available local funds under any circumstances.
- 27.5 In the event of overpayment of salaries, wages or any other payment for work performed, **Directors** are responsible, in consultation with the **Head of Performance, Improvement and Human Resources**, to take all necessary steps to recover the overpayment.
- 27.6 The **Section 151 Officer** shall make arrangements for the accurate and timely treatment of tax, pensions and other deductions and payment of such monies to appropriate organisations.
- 27.7 The **Section 151 Officer** shall be authorised to make any, and all appropriate, deductions from salaries and wages for any statutory deductions (such as PAYE, superannuation and National Insurance) and any other deductions (such as Trade Union subscriptions) as notified by **Directors** or officers as appropriate.
- 27.8 The **Section 151 Officer** shall ensure that there are adequate arrangements for administering pension matters on a day-to-day basis.
- 27.9 The **Section 151 Officer** shall maintain and retain all appropriate payroll and payment records applying to the officers and Members. All payroll records relating to Income Tax and National Insurance must be retained for six years to satisfy the requirements of the Taxes Management Act. Those records identifying pay received and superannuation contributions must be retained

for ten years as they may be required for the information requirements of the Pensions Authority.

- 27.10 The **Executive** shall establish a Council wide expenses and allowances policy for officers of the Council on the basis of advice from the **Executive Member with responsibility for Human Resources** and the **Chief Executive**.
- 27.11 The **Section 151 Officer** shall establish a system to allow officers to claim expenses and allowances and shall establish systems to make payments only on the basis of authorised claims.
- 27.12 **Directors** may nominate appropriate authorised officers under their control to authorise expenses claims of officers and shall notify the **Section 151 Officer** of such authorised officers in advance.
- 27.13 **Directors** shall report performance against their budget for staff costs to the relevant **Executive Member(s)** on a monthly basis, with a projection of the annual spend, every month from June of each year onwards.
- 27.14 The **Executive Member(s)** with responsibility for finance and human resources and the **Chief Executive** and **Section 151 Officer** shall review the overall officers' budget monthly from June of each year onwards.
- 27.15 The **Council** shall establish a Members allowances and expenses policy taking into account relevant legislation in the setting of the policy.
- 27.16 The **Section 151 Officer** shall establish a system to allow Members to claim expenses and allowances and shall establish systems to make payments as appropriate.

28. EXTERNAL AUDIT AND INSPECTION

- 28.1 The **Section 151 Officer** shall be the liaison officer for the Council's External Auditors.
- 28.2 The **Council** shall consider the annual Management Letter from the Council's External Auditors and shall agree an action plan to address any issues raised on the basis of advice from relevant **Directors** and refer the matter to the **Audit Committee** for review.
- 28.3 The relevant **Executive Member(s)** and **Director(s)** and will be responsible for agreeing an action plan in relation to any individual detailed reports from the External Auditors, including specific value for money or other reviews.

28.4 The **Chief Executive** and any relevant **Director(s)** and **Executive Member(s)** shall agree any proposed work plans of individual Inspectorates as required.

28.5 The relevant **Executive Member(s)** and **Director(s)** shall agree an action plan in relation to any Inspection reports and consider whether to refer the matter to any Select Committee for review.

29. INFORMATION, COMMUNICATIONS & TECHNOLOGY

29.1 **The Executive Member with responsibility for ICT** in conjunction with officers shall develop an Information, Communications and Technology Strategy for the agreement of the **Executive**.

29.2 The ICT Strategy shall cover systems development plans and arrangements, ICT management arrangements, corporate systems, system ownership, corporate contracts and technical standards.

29.3 The **Executive Member with responsibility for ICT** shall approve the development of new or replacement ICT systems and their funding in conjunction with other relevant **Executive Member(s)** and **Directors**, except for changes to systems with financial records where the decision shall be taken jointly with the **Executive Member with responsibility for Finance** and the **Section 151 Officer**.

29.4 **Directors** are responsible for ICT systems under their control, financial or otherwise, and shall ensure the completeness and accuracy of data within them, in accordance with the ICT Strategy of the Council and the Data Protection policies of the Council.

29.5 The **Chief Executive** shall make one officer responsible as Data Protection Officer under the Data Protection Act 1988 and any subsequent and relevant legislation on data, information, technology and communications.

29.6 The **Executive Member with responsibility for ICT** shall approve any relevant ICT and data protection policies of the Council and report accordingly to the Executive for decision.

RELEVANT STATUTORY FINANCIAL AND LEGAL REQUIREMENTS

1. Section 151 Local Government Act 1972

1.1 The Director of Corporate Services shall for the purposes of Section 151 of the Local Government Act 1972 be responsible for the proper administration of the Council's financial affairs.

2. Section 114 Local Government Finance Act 1988

- 2.1 Section 114 of the Local Government Finance Act 1988 imposes certain duties on the Director of Corporate Services.
- 2.2 The Director of Corporate Services shall make a report under this Section of the Act, if the Council, or any decision-making body within the Council, or a Joint Committee on which the Council is represented:
 - 2.2.1 has made, or is about to make, a decision which involves or which would involve the Council incurring expenditure which is unlawful
 - 2.2.2 has taken, or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Council; or
 - 2.2.3 is about to enter an item of account, the entry of which is unlawful.
- 2.3 The Director of Corporate Services shall make a report under this Section if it appears that the expenditure incurred (or to be incurred) is likely to exceed the Council's resources (including sums borrowed) available to it to meet that expenditure.
- 2.4 In making any such report under this Section, the Director of Corporate Services, shall consult, as far as practicable, with the Head of Paid Service and the Monitoring Officer.
- 2.5 Where the Director of Corporate Services makes a report under this Section it shall be sent to every Member of the Council at that time and the Council's external auditor. A meeting of the Council shall consider the report within 21 days of issue and is prohibited from taking the course of action which is the Subject of the report.

3. Section 5 Local Government and Housing Act 1989

- 3.1 Section 5 of the Local Government and Housing Act 1989 requires every local authority to designate an officer as the Monitoring Officer. The Monitoring Officer appointed by the Council is the Assistant Director Legal and Governance.
- 3.2 It is the duty of the Monitoring Officer to report to the Council if it appears that any proposal, decision or omission of the Council has given rise to, or is likely to, or would give rise to
 - 3.2.1 a contravention by the Council of any enactment or rule of law or any Code of Practice made, or approved under any enactment; or

3.2.2 any such maladministration or injustice as is mentioned in Part 3 of the Local Government Act 1974.

3.3 In preparing such a report, the Monitoring Officer shall consult, as far as practicable, with the Head of Paid Service and the Section 151 Officer and will send a copy of the report to every Member of the Council and the external auditor.

4. Local Government Act 2003 Parts I and II

Part I of the Local Government Act 2003 created a framework for the prudential capital finance system underpinned by the CIPFA 'Prudential Code for Capital Finance in Local Authorities'.

Part II of the Local Government Act 2003 placed duties on the Council that reinforce sound financial management. In particular when the Council is deciding the annual budget and council tax level it will have to take into account a report from the Section 151 Officer on the "robustness" of the budget and the 'adequacy' of the Council's reserves and the Council's prudential indicators for the period of its Medium Term Financial Plan.

5. Accounts and Audit Regulations 2003

These regulations stipulate that the Council has 'corporate responsibility' for the financial management of its affairs. Regulation 4 states that the Council is responsible for ensuring that financial management and accounting control systems are adequate and effective, including risk management arrangements. As part of this responsibility the Council will need to conduct a review, at least annually, of the effectiveness of its system of internal control and be required to publish a statement of adequacy with its annual Statement of Accounts.

THE ROLE OF INTERNAL AUDIT (POLICY & RESOURCES COMMITTEE, MARCH 1998)

1. Statutory Requirement

1.1 The Council is required under Section 6 of the Accounts and Audit Regulations 2003, made under Section 27 of the Audit Commission Act 1998, for the maintenance of an adequate and effective system of internal audit of its system of internal control.

2. Definition

2.1 The Internal Audit Service is an independent appraisal function established by the Council to review internal control systems of the Council. It shall

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objectively examine, evaluate and report on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources.

3. Scope of Responsibilities

- 3.1 The scope of Internal Audit, in providing an independent opinion of control, is to review;
- 3.2 Systems established by the Council, financial or otherwise, to provide reasonable assurance on
 - 3.2.1 effective and efficient operations
 - 3.2.2 reliable financial information and reporting; and
 - 3.2.3 compliance with applicable established policies, plans and procedures, laws and regulations
- 3.3 Processes designed specifically to safeguard the Council's interest and assets from losses arising from
 - 3.3.1 fraud or other offences
 - 3.3.2 waste, extravagance, inefficiency or poor value for money
- 3.4 The suitability of new developments or plans by the Council which may impact of responsibilities 3.2 or 3.3
- 3.5 It is expected that delivering assurance for the Council within these responsibilities is likely to include review of;
 - 3.5.1 procedures, plans and systems of control
 - 3.5.2 information systems
 - 3.5.3 specific establishments without the authority to develop independent policies or procedures through delegation
 - 3.5.4 the development of any new systems which would impact 3.5.1, 3.5.2 or 3.5.3
 - 3.5.5 specific anti-fraud measures
 - 3.5.6 compliance with data protection legislation

- 3.5.7 contracting processes and specific contractors with whom the Council has (or may have) a specific relationship
- 3.5.8 specific areas from a value for money perspective
- 3.5.9 the measures necessary to resolve any reported fraud, corrupt act, irregularity or other reported action of concern
- 3.6 In addition, the role of Internal Audit shall include an advisory and consultancy role to clarify existing Council procedures or systems and any proposed new policy, procedure or system as appropriate.

**NORTH SOMERSET COUNCIL
ANTI-FRAUD AND CORRUPTION POLICY STATEMENT**

North Somerset Council recognises the responsibility it has for dealing with millions of pounds of public money. This money must be used for delivering public services to the community of North Somerset.

The proper use of public money is achieved through clear policies and strategies, high standards of administration, supporting controls and management information, all backed by a strong audit presence.

The Council is committed to maintaining the highest possible standards and fully supports the general principles of conduct in public life, which are:

- | | |
|------------------------|---------------------|
| Selflessness | Honesty & Integrity |
| Objectivity | Accountability |
| Openness | Personal Judgement |
| Leadership | Respect for Others |
| Duty to Uphold the Law | Stewardship |

The Council will not accept fraud of any kind being attempted against it and will act to prevent and detect any person who attempts fraud. It maintains constant vigilance in order to safeguard resources and protect the reputation of employees.

Any identified fraud against the Council, either external or by employees, will be taken very seriously and dealt with promptly. Action will be taken against the perpetrator in every case, and with the Police where criminal action is suspected. The Council reserves the right to seek restitution of money and goods obtained as a result of theft. The Director of Corporate Services should consider the stage at which it is appropriate to initiate such action.

The Council expects that individuals and organisations (e.g. suppliers, contractors, and service providers) that it deals with will act with integrity and without thought of fraud and corruption. Where relevant, the Council will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption; evidence of such acts are most likely to lead to termination of the particular contract and may lead to prosecution.

The Council welcomes information on suspected fraud and provides avenues for Members, staff and the public to report any suspicious acts. It welcomes comments and suggestions to further improve its safeguards against fraud.

Who to contact about this Statement

For any information or advice please contact any of the persons named below who are based at the Town Hall, Walliscote Road.

Amy Webb, Director of Corporate Services;.....01275884970
Jeff Wring, Head of Audit West;01225 477323

**NORTH SOMERSET COUNCIL
ANTI-FRAUD AND CORRUPTION POLICY STATEMENT - KEY PRINCIPLES**

1. Introduction

North Somerset Council is committed to ensuring that it acts with integrity and has high standards. Everyone involved with the Council has a responsibility in respect of preventing and detecting fraud. Members, Directors, Managers, Officers and Internal Audit all have a role to play (Section 2). The Council also recognises the role the public play in alerting the Council to areas where there is a suspicion of fraud. The Council has many measures to ensure proper administration and prevent and detect fraud and corruption, as outlined in Section 3. Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect. How to report a suspected fraud is outlined in Section 4. The areas that are most likely, on the basis of experience in Local Government, to be subject to attempted fraud are outlined in Section 5. Definitions of key terms are given in Section 6.

2. The Principal Roles

2.1 Members

To the public a local authority can be judged by the conduct of its Members. The Council is committed to the General Principles of Local Government and provides training to Members on all aspects of proper conduct.

The Council has also adopted the following measures to demonstrate its commitment:

- full adoption of the Code of Conduct by all Councillors;
- a Standards Sub-Committee;
- a requirement for Members to declare prejudicial interests and not contribute to any Council business related to that interest;
- a requirement for Members to disclose personal interests and not contribute to any Council business related to that interest;
- prevention of Members from using Council facilities for any purpose other than for the Council's normal business;
- a clear policy on the acceptance of gifts and hospitality which restrict acceptance to those arising from undertakings the Council's normal business; and;
- a recognition that the civic role of the Chairman is an exception and is given more room to accept and give hospitality to promote North Somerset.

Members also have a duty under the Members' Code of Conduct to report another Member whose conduct is reasonably believed to represent a failure to comply with the Code to the Standards Board for England.

2.2 Directors

Every Director has a responsibility for ensuring that internal controls will ensure proper administration and safeguard the resources of the Council. In respect of fraud it is therefore the responsibility of Directors to ensure internal controls prevent and detect any frauds promptly. This includes:

- proper procedures and financial systems;
- effective management and financial information;
- the application of the Code of Conduct for employees;
- completion of an annual assurance statement to support the Council's Annual Statement of Internal Control (SIC)

2.3 Officers

The Council has established a number of key measures to ensure the integrity of its staff including:

- clear recruitment policies and procedures;
- a Code of Conduct for employees;
- a Staff Handbook;
- a policy on declaring pecuniary interests and not being involved in matters connected with such interests;
- a policy on the acceptance of gifts and hospitality which substantially restrict acceptance to those arising from undertaking the Council's normal business; and
- prevention of accepting any fee or reward other than their normal remuneration.

2.4 Internal Audit

Internal Audit has a clear remit to undertake work to prevent and detect potentially fraudulent acts. This is in line with best practice. This work concentrates on areas of highest risk but also on areas which, although small, are subject to fraud.

Internal Audit also has a unique role in taking responsibility for:

- investigating fraud;
- establishing the extent of any fraud;
- correcting accounting records if necessary;
- recommending improvements in internal control; and
- advising on action to take to resolve the matters arising.

3. The Principal Anti-Fraud Measures

3.1 The Council has taken a number of measures that should prevent or detect any attempted or actual fraud. No system of control can prevent all cases, and the Council must minimise the risks to which it is exposed. At the highest level the Council will:

- regularly review and improve key internal control systems;
- regularly review measures to minimise the risk of fraud;
- involve Members in such reviews;
- adopt formal procedures to investigate fraud when it is suspected and, where detected, strengthen controls to prevent reoccurrence;
- provide mechanisms for employees to voice their genuine concerns;
- have no hesitation in referring cases of suspected financial irregularity to the attention of the Police and the external auditor; and;
- work closely with the Police and the other appropriate agencies to combat fraud.

3.2 The Council has already introduced corporate standards that should ensure proper administration. These include:

- Accountability & Responsibility Framework;
- Local Code of Corporate Governance;
- Contract Standing Orders;
- Codes of Conduct for Members and Employees;
- Measures to implement new legislation correctly;
- A clearly defined role for the Monitoring Officer;
- A clearly defined role for the Standards Sub-Committee
- Clear roles for the Council's statutory officers;
- Training on conduct and administration issues;
- Disciplinary Procedures; and Complaints Procedures.

3.3 These measures, and others, provide a framework, supported by detailed procedure manuals for all key functions of the Council. Other key principle internal controls that the Council adopts, wherever possible, include: -

- adequate separation of duties;
- proper authorisation procedures;
- a proper audit trail;
- independent monitoring and checking;
- training of employees in their duties;
- appropriate supervision;
- effective management structures and organisation;
- physical controls over highly portable assets;
- effective IT and other security measures;
- a proper accounting and budgetary control system; and

- effective Internal Audit review of systems.

Responsibility for effective implementation of these principles of internal control rests with Directors and their Service Managers and involves every employee of the Council.

4. Reporting a Suspected Fraud

4.1 Response to Alleged Frauds

The Council's Accountability & Responsibility Framework require suspected fraud and irregularities to be referred to the Council's Director of Corporate Services.

All reported irregularities will be thoroughly investigated, with due regard to the provisions of the Human Rights Act 1998, Data Protection Act 1998, the Regulation of Investigatory Powers Act 2000 and Council policy on Equalities and Diversity.

Steps that would normally be taken are:

If an employee suspects a fraud has occurred (or is likely to) they should report this to their line manager who must inform their Director.

The Director will inform the Council's Director of Corporate Services unless the suspicion relates to the line manager or Director, see Reporting Suspicions (overleaf);

If suspicions stem from an Internal Audit assignment, the Head of Internal Audit, will inform the Director of Corporate Services;

Members of the public are encouraged to report any concerns, either to their Councillor, the Director of Corporate Services, Head of Internal Audit, the Council's External Auditor, or via the Council's Complaints Procedure;

The Director of Corporate Services will decide on the level of any investigation. If necessary the Director of Corporate Services will involve the Chief Executive Officer and the Assistant Director Legal and Governance. Any matter relating to illegality will be jointly decided with the Assistant Director Legal and Governance. The Internal Audit Service will carry out any investigation, reporting to the Director of Corporate Services.

If investigations indicate a criminal offence may have occurred, the Director of Corporate Services will decide, in consultation with the Chief Executive Officer and Assistant Director Legal and Governance, to handle the matter according to the Council's Disciplinary Procedures and involve the Police.

Recommendations to improve controls and prevent any reoccurrence will be made by Internal Audit. The relevant Director, in consultation with the Director of Corporate Services, will decide on the implementation of the recommendations.

4.2 Reporting Suspicions

General

Employees are vital to the successful implementation of measures against fraud. The Council, therefore; considers that employees have a duty to report any legitimate concerns they may have and must do so as outlined above.

If it is subsequently established that an employee knowingly withholds information of a concern or allegation it may be dealt with as a disciplinary matter in itself.

The Public Interest Disclosure Act 1998 provides employees with statutory protection when disclosing such information.

Where possible, concerns are better raised in writing, setting out the background, giving names, dates and places and reasons for bringing the matter to the attention of the Council.

However, if an individual feels unable to put their concern in writing, an arrangement can be made to meet with an appropriate officer to discuss the concerns.

4.3 Confidentiality and Safeguards

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Council will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.

This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.

Confidentiality

All concerns will be treated in the strictest confidence the Council will do its best to protect the identity of individuals who raise concerns and do not want their name to be revealed. However, it must be appreciated that during an investigation, a statement may be required as part of the evidence gathering process, particularly if the Police or External Auditors become involved. In order to take effective action, the Council will need proper evidence that maybe required to stand up to examination in Courts or Tribunals.

This Policy Statement encourages individuals to put a name to allegations whenever possible, as concerns expressed anonymously are much less powerful, but will be considered at the discretion of the Council, in terms of:

- Seriousness of the issues raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources

Whilst the Council will always do its best to protect individuals, it is more difficult to protect an individual from harassment, intimidation or other detrimental conduct where an allegation or disclosure is made anonymously.

Safeguards

There is a need to ensure that the process is not misused. Therefore, any abuse, such as raising malicious allegations may also be dealt with as a disciplinary matter. All such reports must be genuine and honest as, to be otherwise, would go against the principle of integrity. This should not deter

employees from raising legitimate and genuine concerns, (even if subsequently unfounded but made with good intent) as, in doing so they will be supported in every possible way.

Normal reporting arrangements are given above. However, the Council recognises that employees may feel more comfortable reporting or discussing such issues with someone independent and therefore employees may report any matter to any of the following:

<ul style="list-style-type: none"> • Head of Internal Audit 	<ul style="list-style-type: none"> • Director of Corporate Services
<ul style="list-style-type: none"> • Assistant Director Legal and Governance 	<ul style="list-style-type: none"> • Chief Executive
<ul style="list-style-type: none"> • Their Director 	<ul style="list-style-type: none"> • Council's External Auditor

All genuine concerns reported will be treated in confidence and fully investigated. If a suspicion is reported and results in a prosecution or disciplinary hearing, employees involvement, as a witness, in this process may be necessary, unless other substantial reliable evidence is available. Employees taking such a route will be notified quickly of any action taken. The Council accepts that the person reporting the suspicion needs to be assured that the matter has been properly addressed. Therefore, where possible, and subject to legal constraints (including Freedom of Information Act and Data Protection Act) feedback regarding the outcome of the investigation will be provided.

Employees must also report other abuses which may be of concern including unethical behaviour, falsification of records, sexual discrimination or harassment, racial discrimination or harassment, abuse of drugs or alcohol, bullying and non-compliance with Health and Safety.

5. Key Risk Areas

The following are key risk areas the Council will review as part of its anti-fraud review programme:

Computer Fraud	Assets
Car Parking	Gifts and Hospitality
Grants;	Loans and Investments;
Contracting and Contract payments;	Creditor Payments
Benefit Claims; Council Tax Benefit;	Payroll
Managing the financial affairs of Service Users, such as elderly people;	
Travelling and Subsistence or specific expense claims;	
Cash Handling & Cash Collection Procedures	

6. Definitions

Fraud

Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or other upon whose behalf he or she acts, even if these "others" are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence.

Fraud incorporates - theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

Corruption

The term 'corrupt practices' is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the authority, its members or officers. It is the duty of the Council and its Officers to take reasonable steps to limit the possibility of corrupt practices, and;
It is the responsibility of Internal Audit to review the adequacy of the measures taken by the Council, to test compliance and to draw attention to any weaknesses or omissions.

7. Review

The Anti-Fraud and Corruption Policy Statement will be subject to review to ensure that it remains current.

CONTRACT STANDING ORDERS

PART A – CONTRACTS FOR GOODS, SERVICES and WORKS

1. Introduction

- 1.1 Contract Standing Orders (**CSOs**) are the rules that must be used when purchasing works, services and/or goods (supplies).
- 1.2 Council officers and members must comply with these CSOs in all instances when buying works, services and goods (supplies) on behalf of the Council and failure to comply may result in disciplinary action being taken against the officer concerned. Officers have a duty to report any breaches of these CSOs to the director responsible for the procurement.
- 1.3 These CSOs form part of the Council's Constitution and provide the framework that governs the Council's procurement of contracts for works, services and goods. Following these CSOs helps the Council to demonstrate:
 - 1.3.1 good internal governance;
 - 1.3.2 propriety and the proper spending of public money;
 - 1.3.3 value for money and effective use of resources is being achieved;
 - 1.3.4 the delivery of high quality works, services, goods;
 - 1.3.5 compliance with relevant laws.
 - 1.3.6 controls to deter fraud, bribery and corruption
- 1.4 Every contract for works, services and goods made by the Council must conform to all relevant English and European Union legislation. UK and EU public procurement legislation and policy require that contracts are awarded fairly, in an open and transparent manner and without discrimination on grounds of nationality and that all potential bidders are treated equally. A bidder or supplier harmed, or who may suffer harm, as a result of the Council failing to comply with the public procurement regulations will have a right to take action against the Council in the High Court. Remedies available include:
 - 1.4.1 The award of damages;
 - 1.4.2 A financial penalty imposed on the Council;
 - 1.4.3 An order to set aside a decision of the Council to award the contract;
 - 1.4.4 Suspension of the tender process;
 - 1.4.5 The inability of the Council to enforce the contract obligations still to be performed against the contractor.

- 1.5 Detailed information and guidance on the procurement process and contract management can be found on the Council's intranet site and should be used in conjunction with these CSOs.
- 1.6 All figures in these CSOs are **exclusive** of VAT unless stated otherwise.
- 1.7 The Council recognises the value and role of small and medium sized enterprises (**SMEs**), locally based suppliers and the voluntary, community and social enterprise (**VCSE**) sector, and will strive to ensure that procurement procedures are accessible, fair and proportionate to the size and complexity of the works, services and goods being procured.

2. Scope

2.1 These CSOs apply:

- 2.1.1 whenever the Council intends to spend money (or provide other payments in kind) under contracts for works, services or goods;
- 2.1.2 to expenditure from either capital or revenue sources;
- 2.1.3 to works and services concession contracts;
- 2.1.4 to grants awarded to third party organisations;
- 2.1.5 to goods for re-sale;
- 2.1.6 to both officers and members;
- 2.1.7 where the Council acts as the lead partner in a multi-authority procurement;
- 2.1.8 Where any third party, for example another local authority, is authorised to procure works, services and/or goods on behalf of the Council.

2.2 These CSOs **do not** apply:

- 2.2.1 to contracts of employment;
- 2.2.2 to acquisitions and disposals of land or buildings unless related to a contract for works, services or goods;
- 2.2.3 to financial services in connection with the issue, purchase, sale or transfer of securities or other financial instruments, in particular transactions by the Council to raise money or capital;
- 2.2.4 to service level agreements made between departments within the Council;
- 2.2.5 in the case of civil contingencies;
- 2.2.6 in the case of individual investments which are not deemed as the purchase of goods or services for the purposes of these CSOs;
- 2.2.7 where the Council is acting as an agent on behalf of other commissioning authorities, for example the NHS, and is only procuring contracts on their behalf;

- 2.2.8 where the Council instructs counsel or any external legal advisors to represent or act on its behalf;
 - 2.2.9 to out of county social care placements;
 - 2.2.10 to resources deployed for unforeseen emergency care packages or accommodation costs aimed at supporting appropriate action to protect individuals from abuse, neglect or homelessness;
 - 2.2.11 to social care packages that are, or are considered to be at the time of placement, funded by the CCG as part of continuing health care;
 - 2.2.12 contracts to engage artists, shows, attractions, events or other entertainment media to provide entertainment or facilities.
- 2.3 However, in all instances listed in 2.2, all relevant legislation, rules, and guidance must still be complied with together with other relevant parts of the Council's Constitution.
 - 2.4 The following entities have their own rules and are not bound by these CSOs except when they participate in joint purchasing with the Council:
 - 2.4.1 all schools within the district of North Somerset;
 - 2.4.2 companies in which the Council has an interest **except for** Local Housing Development Vehicles and Local Authority Controlled Companies.
 - 2.5 These CSOs **do apply** to the award of concession contracts and utility contracts. If you are seeking to tender a concession contract or if the Council, as a "utility", wishes to procure works, services and/or goods for the purpose of carrying out its "utility activities" of any value you must contact the Strategic Procurement Service for advice.
 - 2.6 The guidance on the procurement process gives more information on the tendering of works, services and goods by the Council and the procedures to be followed.
- 3. Responsibilities**
- 3.1 Overall responsibility for these CSOs rests with the Section 151 Officer. Further information and advice on these CSOs can be obtained from the Strategic Procurement Service.
 - 3.2 Anyone undertaking purchasing activity on behalf of the Council (but especially in the context of purchasing works, services or goods above prescribed values, (known as **EU thresholds**) must comply with all relevant laws and regulations.
 - 3.3 The current EU thresholds apply from 1st January 2018:
 - 3.3.1 Goods (supplies) and services £181,302;
 - 3.3.2 Works £4,551,413
 - 3.3.3 Concessions £4,551,413

- 3.3.4 "light touch" regime contracts (schedule 3 contracts under the Public Contracts Regulations 2015) £615,278

The thresholds will remain fixed until 31st December 2019

- 3.4 Directors are responsible for ensuring that:
- 3.4.1 officers follow these CSOs
- 3.4.2 any agent, consultant or contractual partner acting on behalf of the Council to purchase works, services or goods, or any of them involved in the management of contracts for the Council, comply with these CSOs.
- 3.4.3 the central Contracts Register, held by the Strategic Procurement Service, is updated on each occasion a contract is let by the Council which has a total contract value of £5,000 and above, or is for a duration of three years or longer;
- 3.4.4 original contract documents, including the tender documents of the successful bidder, are safely kept by the Property Services Team in the central deeds store.

4. Definitions of terms used in these CSOs

- 4.1 award criteria: the evaluation criteria and methodology used to weight, select and award a contract to a successful bidder.
- 4.2 award letter: written confirmation of the award of a contract by the Council to a successful bidder, using the standard template.
- 4.3 Bid: an offer made by each bidder to provide works, services or goods to the Council for a particular amount of money on specified terms, normally in the form of a tender or quotation.
- 4.4 Bidder: a person, business, company or other organisation who responds to the Council's invitation to bid as part of the tender / procurement process.
- 4.5 Buying: purchasing works, services or goods from an external supplier or contractor.
- 4.6 call-off contract: the contract made under a framework agreement to a framework supplier following the holding of a mini-competition or the placing of an order. Although the framework agreement sets out the overarching terms and conditions, each individual "call-off" contract or order constitutes its own separate contract under the framework agreement.
- 4.7 **code of conduct:** the Council's codes regulating the conduct of officers and members.
- 4.8 **Commissioning:** the process used to plan, procure, evaluate, deliver and monitor the provision of works, services and goods to allow the Council to meet its requirements in the most economical, effective and efficient way.

- 4.9 **Commissioning Plan:** a document which sets out, before the procurement process commences, the works, services or goods to be purchased together with the expected outcomes, using the standard template. The standard template is available from the Strategic Procurement Service.
- 4.10 **concession contract:** a contract under which the Council outsources works or services to a contractor / supplier ('the concessionaire') who has the right to commercially exploit the works or the services and who accepts a transfer of the operating risk in exploiting the works or the services.
- 4.11 **conflict of interest:** a set of circumstances that creates a risk that an individual's ability to apply judgement or act in one role is, or could be, impaired or influenced by a secondary interest. This may apply to both officers and members.
- 4.12 **Constitution:** a document approved by the Council which:
- 4.12.1 allocates powers and responsibility within the Council and between the Council and others;
- 4.12.2 delegates authority to act to the executive, committees, executive members and officers; and
- 4.12.3 regulates the behaviour of individuals and groups through rules of procedure, codes and protocols.
- 4.13 **contingency measures:** actions to reduce the impact of, or prevent, identified risks which might affect the successful delivery of a contract.
- 4.14 **Contract:** an agreement entered into voluntarily by two or more parties that creates a legal obligation on the contractor to supply works, services or goods to the Council in return for a payment.
- 4.15 **Contractor:** A party that has agreed to supply works, services and / or goods to the Council under a contract.
- 4.16 **Contract Award Report:** a report prepared by the contract manager and the Strategic Procurement Service which makes a recommendation to the relevant decision making body (refer to the table at paragraph 9.4) to award the contract to the successful bidder. The decision maker must agree the award of the contract before any bidder is notified of the tender outcome.
- 4.17 **Contracts Finder:** is a government website. All contracts that the Council advertises over £50,000 (or below if officer chooses to advertise) have to be advertised on Contracts Finder.
- 4.18 **contract management:** the proactive process to be used by the Council to manage contract delivery to ensure that the contractor is fully complying with its contractual obligations, allows the Council to manage contractor performance and contract compliance and minimises risk to the Council of contractor default.
- 4.19 **contract manager:** a named officer who is responsible for ensuring that the Council achieves its objectives, as set out in the contract. This might not be the

officer's job title – they might act in the role of contract manager for only part of the time.

- 4.20 **Contracts Register:** a list of all the contracts let by the Council that are over £5,000 in whole-life value or for a period of three years or longer. The register is kept and maintained by the Strategic Procurement Service.
- 4.21 **contract variation:** an agreement to vary the terms of a contract. All parties to the contract must agree to the variation and any variation must be within the original scope of, and made in compliance with, the contract. Officers must consider whether the contract is being varied, or whether the change is so substantial that the original contract is extinguished and a new one is being entered into.
- 4.22 **corporate governance:** the action or manner of governing, managing and overseeing the way that the Council operates.
- 4.23 **corporate requirements:** where the requirement for goods and services is used by the whole authority rather than individual directorates, for example stationery and agency staff.
- 4.24 **declaration of interest:** the requirement on members and officers to declare their financial or other interests or assets that could create a conflict of interest in the performance of their duties.
- 4.25 **disclosable interest:** a *financial* interest or asset that could create a conflict in the performance of the duties of a member or officer.
- 4.26 **Dynamic Purchasing System (DPS):** an electronic system similar to an electronic framework agreement. A DPS provides a list of contractors from which the Council can conduct an e-competition for tenders. Contractors can apply to join the DPS at any time. If considering a DPS of any value advice must be sought from the Strategic Procurement Service.
- 4.27 **EU procurement directive:** the legislative package of public procurement directives, approved by the European Parliament and the EU's Council of Ministers, to simplify and modernise procurement procedures.
- 4.28 **EU threshold:** the contract value at which the EU public procurement directives apply. The current thresholds (excluding VAT) are:
- 4.28.1 Goods (supplies) and services £181,302;
- 4.28.2 Works and concession contracts £4,551,413; and
- 4.28.3 "light touch" regime contracts (schedule 3 contracts under the Public Contracts Regulations 2015) £615,278;
- 4.28.4 Utilities procurement:
- Goods (supplies) and services £363,424
 - Works £4,551,413
 - Light touch regime £820,370

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The thresholds will remain fixed until 31st December 2019.

- 4.29 **Exceptions:** limited circumstances in which compliance with these CSOs is waived in accordance with paragraph 6 below.
- 4.30 **framework agreement:** an agreement made between one or more public bodies and more than one contractor. A framework agreement is a multi-contractor agreement. A framework agreement sets out the terms for making specific purchases ('calls-offs') under the framework. The terms will include the nature of the works, services or goods to be supplied, the unit price, the standards for service delivery and the terms on which future purchases will be made. Purchases can be made:
- by order without re-opening competition. For example, offering an order to the contractor with the lowest price; or
 - following a mini competition.

The framework agreement will set out which purchase route is to be used and the procedure to be followed for making specific purchases.

A framework agreement does not commit the buying organisation(s) (otherwise known as commissioner(s)) to make any purchases and framework suppliers can choose whether or not to accept the order or take part in a mini-competition, unless the framework agreement otherwise provides.

- 4.31 **framework contract:** similar to a framework agreement but made between one or more public bodies and one contractor only. A framework contract is a single contractor agreement. The framework contract sets out the terms for making purchases of works, services or goods. A framework contract does not commit the buying organisation(s) to place any order under it. If a buying organisation wishes to buy works, services, or goods under the framework contract it will place an order do so in accordance with the terms of the framework contract. The framework contract contractor will be contractually bound to deliver the works / services / goods ordered.
- 4.32 **goods (supplies):** the term used where the principle reason for the procurement is to purchase, lease, rent or hire-purchase, with or without an option to buy, actual products.
- 4.33 **lead partner:** one of the parties to a joint commissioning arrangement who, on behalf of the other parties within the joint commissioning group, agrees to take the lead in the procurement process and (where applicable) responsibility for managing a contract on behalf of the other parties within the group.
- 4.34 **light touch regime:** the light touch regime applies to those services identified within Schedule 3 of the PCR 2015, and includes health, social and related services, as well as other services.
- 4.35 **Local Authority Controlled Company (LACC):** an organisation controlled by the Council that can be awarded contracts directly by the Council without the Council having to follow the public procurement regime, provided the following 3 conditions are met;

- 4.35.1 the Council exercises over the LACC a control which is similar to that which it exercises over its own departments;
- 4.35.2 more than 80% of the activities of the LACC are carried out in the performance of tasks entrusted to it by the Council or by other organisations similarly controlled by the Council; and
- 4.35.3 there is no direct private capital participation in the LACC with the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, which do not exert a decisive influence on the LACC.

If you are considering the creation of a LACC, you must seek the advice of the S151 officer and the Assistant Director Legal and Governance.

- 4.36 **most economically advantageous tender (MEAT):** the process of assessing a tender based on quality and price over the life of the contract. Factors such as the period for completion, maintenance costs, technical merit, and value for money should be taken into consideration.
- 4.37 **OJEU:** the Official Journal of the European Union. When public sector contracts for works, services or goods equal or exceed the EU thresholds, they must be advertised in this publication and, following award, contract award notices must also be published.
- 4.38 **Outsourcing:** the process of [contracting out](#) an existing service which is being provided internally by the Council to another party.
- 4.39 **PCR 2015:** the Public Contracts Regulations 2015, the primary legislation governing procurement and contracting for the public sector in the UK.
- 4.40 **Portal:** a web based system which the Council currently uses to advertise and run requests for quotes (**RFQs**) and tenders – the portal can be found at www.supplyingthesouthwest.org.uk.
- 4.41 **Procurement:** the process of obtaining works, services and goods (supplies)
- 4.42 **Procurement Plan:** a plan which sets out the approach to a procurement process. A Procurement Plan must be completed for all contracts with an estimated whole life contract value (inclusive of any extension period) of £100,000 and above and must be approved by the relevant decision-making body – refer to the table at paragraph 9.4 - before the procurement commences.
- 4.43 **reverse auction:** a procedure using the Portal where invited bidders bid against each other, reducing their tender price in decrements (reducing increments) of a determined value until bidding stops.
- 4.44 **RFQ (Request for Quote):** a request to a supplier inviting it to submit a quotation for the supply of goods or services.
- 4.45 **Seal:** The Council's seal is kept by, and is under the control of, the Assistant Director Legal and Governance.
- 4.46 **Services:** the principle reason for the procurement is considered to be neither goods / supplies or works.

- 4.47 **service outcome:** a measure of the contract objectives in terms of service delivery.
- 4.48 **Social Value:** The Public Services (Social Value) Act 2012 imposes a duty on the Council to consider at the pre-procurement stage of any service contract how the services proposed to be procured may improve the economic, social and environmental well-being of North Somerset and how the Council may secure that improvement as part of the procurement process.
- 4.49 **Standard selection questionnaire:** the government questionnaire which must be used for pre-qualifying bidders in a procurement process. When conducting a procurement that equals or exceeds the EU thresholds, this questionnaire must be used.
- 4.50 **Sub-contractor:** an individual, business or other organisation who is hired by the main contractor to deliver part of the contract, and who is paid by the main contractor.
- 4.51 **Supplier:** any person, business, company, public entity or other organisation which offers on the market the delivery of works, services and / or goods to the market.
- 4.52 **Suspension:** the suspension or waiver of compliance with CSOs under paragraph 6.1 below.
- 4.53 **Tender:** the written document submitted by a bidder as part of its tender process in which the bidder offers to provide goods, services and/or works for the bid price to the Council.
- 4.54 **VCSE:** Voluntary Community and Social Enterprise, the voluntary or non-profit sector of the economy.
- 4.55 **value for money:** the optimum combination of whole life costs and quality (or fitness for purpose) of the goods, works or services to meet the Council's requirement.
- 4.56 **whole life contract value:** the cost of the contract over its full duration, exclusive of VAT, including the value of any extension periods.
- 4.57 **Works:** the principle reason for the procurement is to carry out one of the following;
- 4.57.1 the execution, or the design and execution, of works related to one of the activities listed in Schedule 2 of the Public Contracts Regulations 2015. In principle, construction, civil engineering and property maintenance. For a complete list, contact the Strategic Procurement Service;
- 4.57.2 the execution of, or the design and execution of, a work;
- 4.57.3 the realisation, by whatever means, of a work corresponding to the requirements specified by the Council exercising a decisive influence on the type or design of the work.

5. Delegation

- 5.1 A director may delegate the duties assigned to him/her within these CSOs. For example, a director may delegate to another named officer or officers the authority to approve commissioning or approval of reports for the use of exceptions.
- 5.2 All such delegations shall be formally recorded and logged with the S151 officer.
- 5.3 Delegations may be revoked at any time by the delegating director at which point the delegated duty will revert back to that director.
- 5.4 No delegation shall abrogate or remove the responsibility associated with the duty given to the director. The duty will remain with the director.

6. Suspension of and Exceptions to Contract Standing Orders

- 6.1 Suspension - Only full council has the power to suspend or waive any requirements within these CSOs.
- 6.2 Exceptions - Contracts below the EU Thresholds If one of the exceptions listed in CSO 6.3 apply then the relevant decision maker may approve exceptions to these CSOs (to the extent that they are lawfully able to do so) in genuinely urgent situations and/or where there is a sound legal, financial or value for money reason. The officer must:
 - 6.2.1 Complete for the relevant decision maker's approval a prescribed form (**Exception Form**) detailing the exception(s) intended to be used and the reasons for the request. The relevant decision maker is listed in the 'Contract Award approval' column in the table at paragraph 9.4. The reasons available are listed in paragraph 6.3 below;
 - 6.2.2 Notify the Strategic Procurement Service of the exception (if granted) and following contract award request the Strategic Procurement Service to record the contract on the Contracts Register.
- 6.3 Exceptions for below EU threshold procurements: valid reasons

The following are considered acceptable reasons for seeking an exception:

- 6.3.1 quantifiable and significant cost and efficiency savings can be achieved through seeking an alternative route;
- 6.3.2 reasons of extreme urgency mean that normal time limits cannot be met, including as a result of unforeseen emergency or disruption to Council services. This may include for example, storm damage to public buildings. Not having sufficient time to tender may not in itself constitute urgency.
- 6.3.3 the Council would otherwise be exposed to immediate and significant financial, legal or reputational risk that has been identified in the relevant risk register;
- 6.3.4 only one supplier is objectively able to provide the works, services or goods in question including, but not limited to, where the provision is specialist, where the supplier has exclusive intellectual property rights, artistic or other rights, has a monopoly or where the goods bought are for re-sale. In such circumstance only that one supplier may be asked to quote / tender, however the quote / tender must be evaluated for capability and suitability.

- 6.3.5 Where the opportunity will be advertised using RFQ and there is more than one supplier but fewer than five or three suppliers (depending on the estimated contract value) capable of supplying the works, services or goods to be procured, only those suppliers shall be asked to quote. The number of suppliers in the market place may be limited because the opportunity to be procured is of a specialist nature or a supplier has exclusive intellectual property, artistic or other rights in the subject matter or has a monopoly, or the market is weak.
- 6.3.6 Where the opportunity has been advertised using RFQ or tender and you invited at least the minimum number of bidders (refer to the table at paragraph 9.3 below) but less bids than the minimum required have been received, you are not required to obtain an exception to these CSOs.
- 6.3.7 Additional or new works, services or goods are required which, through unforeseen circumstances, were not included in an existing Council contract and are necessary for the completion of the contract and/or cannot be carried out separately. Forgetting to include the additional or new services in the original tender/RFQ will not in itself apply to this exception. Any officer wishing to rely on this exception must first have considered whether including additional or new works, services or goods would be a contract variation and permitted under UK and EU public procurement legislation.
- 6.3.8 Goods are required as a partial replacement for, or addition to, existing goods or installations and obtaining them from another source would result in incompatibility or disproportional technical difficulties in operation or maintenance.
- 6.3.9 The Council has the benefit of a Local Authority Controlled Company (LACC) under Regulation 12 of the Public Contracts Regulations 2015.
- 6.4 An exception must **not** be granted where this would mean the Council would be in breach of any laws.
- 6.5 No exemption can be relied on unless and until the relevant decision maker has authorised the exception.
- 6.6 Where an exception is granted, all other rules and guidance related to the procurement process still apply e.g. preparation of a Commissioning Plan, Procurement Plan and Contract Award Report.
- 6.7 All contracts, including the award of a contract to which an exception has been applied, must demonstrate compliance with:
 - 6.7.1 All applicable legislation and guidance (including equality of treatment, transparency; non-discrimination; proportionality and mutual recognition);
 - 6.7.2 The principles of procurement best practice and value for money;
 - 6.7.3 The requirement to identify and secure appropriate funding;
 - 6.7.4 Appropriate and robust risk management and contract management arrangements.
- 6.8 Exceptions - Contracts equal to or above the EU Thresholds

The application of the EU procurement rules cannot be exempted. If you are having difficulty you should consult with the Strategic Procurement Service for more information.

7. Approvals – Contracts with A Value £100,000 and Over

- 7.1 All Council procurements with an estimated whole life contract value of £100,000 and over will have three stages of approval:

A. Commissioning Plan

B. Procurement Plan

C. Contract Award Report

- 7.2 Commissioning Plan – a Commissioning Plan must be prepared by the contract manager and approved by the relevant decision maker before a procurement process can commence. The Commissioning Plan must set out:

- 7.2.1 Contract Title
- 7.2.2 Outline scope of the procurement - what is the Council buying?
- 7.2.3 Available budget and estimated whole life contract value, including any extension period
- 7.2.4 Contract length, including any contract extension period
- 7.2.5 The end date of any existing contract (if applicable).

- 7.3 **Procurement Plan** –The Procurement Plan will set out how the procurement will be managed in order to deliver the best outcomes for the Council. The level of detail in the Procurement Plan should be proportionate to the whole life value of the contract and the level of risk, but should where relevant include:

- 7.3.1 High level summary of contract purpose and outcomes, including the approach to reflecting these in the specification;
- 7.3.2 Governance process, including the engagement of key stakeholders and approval of key documents during the procurement process;
- 7.3.3 Market analysis, including any work that needs to be done by the Council to market itself to potential bidders as an important customer;
- 7.3.4 Review of potential performance issues, and how they will be mitigated/managed through the procurement process;
- 7.3.5 Key risks, including sustainability risks, and how they will be managed during the procurement process;

- 7.3.6 Approach to evaluation, including evaluation criteria and weightings. Evaluation criteria shall include an assessment of the bids against the deliverables to be secured under the contract;
- 7.3.7 Legal issues, including terms and conditions for the contract, contract length and extensions etc.;
- 7.3.8 Commercial issues such as pricing strategy, management of change, and performance management/incentives;
- 7.3.9 Approach to Social Value, including performance obligations, main areas of potential benefit, VCSE and sustainability opportunities;
- 7.3.10 Overall projected timescales and milestones;
- 7.3.11 Approach to assessing and agreeing preferred route to market.

It is important that the Strategic Procurement Service is engaged at a sufficiently early stage to jointly produce the Procurement Plan with the contract manager.

- 7.4 **Contract Award Report** – a contract award report must be approved before the contract is awarded, which sets out a record of the procurement process, including but not limited to:
 - 7.4.1 The subject matter and the whole life value of the contract proposed to be made;
 - 7.4.2 The procurement process followed;
 - 7.4.3 (where applicable) The results of market analysis undertaken;
 - 7.4.4 Details of the evaluation criteria, the weightings and the results of the evaluation process;
 - 7.4.5 The name of the successful bidder and the reasons why its tender was selected;
 - 7.4.6 The reasons for the rejection of the other bids received;
 - 7.4.7 (where applicable) conflicts of interests detected and subsequent measures taken;
 - 7.4.8 any risks associated with the award of the contract and measures taken to minimise that risk

The Contract Award Report will normally be prepared by the contract manager jointly with the Strategic Procurement Service, and is used to advise the relevant decision-making body.

8. Approvals – Contracts with A Whole Life Contract Value Under £100,000

- 8.1 Under £5000 – Quotations are not required and a direct award to a single supplier is permissible. Preference should be given to local and VCSE organisations where they exist and offer value for money and can deliver the works, services and/or goods to be supplied.

- 8.2 £5000 up to £9,999 – a minimum of 3 written quotations are required. In selecting suppliers to quote, preference should be given to local organisations where they exist and offer value for money and can deliver the works, services and/or works to be supplied. The contract must also be entered on the Council's Contracts Register.
- 8.3 £10,000 up to £49,999 – a minimum of 3 written quotations are required. The portal must be used, and the contract must be entered on the Council's Contracts Register. In selecting suppliers to quote, preference should be given to local suppliers where they exist and offer value for money and can deliver the works, services and/or goods to be supplied.
- 8.4 £50,000 up to £99,999 – a minimum of 5 written quotations should be invited. The portal must be used, and the Contract should be entered on the Council's Contracts Register.

9. Approval Level and Thresholds

- 9.1 The value of the contract is the whole life contract value. It is not the annual contract value.
- 9.2 Contracts must not be disaggregated to avoid either EU thresholds or the thresholds specified within these CSOs.
- 9.3 All contract awards in excess of £250,000 must be retrospectively reported to the Executive.
- 9.4 The table below sets out the approvals and thresholds that must be used in conjunction with Sections 7 and 8 of these CSOs. If the whole life value of the contract proposed to be awarded is more than 10% in excess of the original value stated in the Commissioning Plan, an additional report must be made to the approver of the original Commissioning Plan before contract award:

Estimated Contract Value	Permitted Sourcing Options	Use Portal	Record on Contract Register	Commissioning Plan approval	Procurement Plan approval	Contract Award approval
Under £5,000	Quotations not required, Direct Award permissible	No	No	N/A	N/A	Director
£5,000 to £9,999	Invite 3* quotes	No	Yes	N/A	N/A	Director
£10,000 to £49,999	Invite 3* quotes	Yes	Yes	N/A	N/A	Director
£50,000 to £99,999	Invite 5* quotes	Yes	Yes	N/A	N/A	Director
£100,000 to £499,999	Open Tender, OJEU if equal or over threshold	Yes	Yes	Director	Director advised by Head of Strategic Procurement	Director advised by the s.151 officer and Head of Strategic Procurement
£500,000 to £999,999	Open Tender, OJEU if equal or over threshold	Yes	Yes	Executive Member	Executive Member advised by Director and Head of Strategic Procurement	Director advised by the s.151 officer and Head of Strategic Procurement
£1,000,000 to £4,999,999	Open Tender, OJEU if equal or over threshold	Yes	Yes	Executive	Executive Member advised by Director and Head of Strategic Procurement	Director advised by the s.151 officer and Head of Strategic Procurement
£5,000,000 to £9,999,999	OJEU tender	Yes	Yes	Executive	Executive Member advised by Director and Head of Strategic Procurement	Executive (Director advised by the s.151 officer and Head of Strategic Procurement for

£10,000,000 and above	OJEU tender	Yes	Yes	Full Council	Executive Member advised by Director and Head of Strategic Procurement	capital projects) Executive
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*Note: In accordance with CSO 6.3.5, if there are fewer supplies in the market place capable of supplying the works, services or goods to be procured than the number of bidders which should be invited to tender and the relevant exemption has been approved, you are only required to invite those suppliers capable of supplying the works, services or goods.

10. Signing of Contracts

- 10.1 Contracts below the relevant EU threshold and for a duration up to three years may be signed by two authorised officers, namely the relevant Director and the Assistant Director or such other officer(s) as the Director has formally authorised (using his/her delegated powers) to sign contracts.
- 10.2 Contracts equal or exceeding the relevant EU threshold or for a duration of more than three years may be sealed by the Council, as determined by the Assistant Director Legal and Governance.

11. Framework agreements (multi supplier)

- 11.1 The intention behind a framework agreement is to streamline the competitive process by enabling the commissioners, at any time during the term of the framework, to buy works, services, or goods by placing an order (without re-opening competition) or by holding a mini tender process (competed services), without having to tender each individual purchase. Multiple orders or call-off contracts can be made through the framework. Framework agreements can be useful where the Council needs to make repeated and potentially high value purchases, such as for temporary staff support or care placements.
- 11.2 It may be possible to access an existing framework agreement, let by the Council or another public body. As you would be calling off from the framework this negates the need to conduct a full procurement for the new requirement.
- 11.3 The following principles should be followed when deciding whether to buy works, services or goods under an existing framework agreement established by another body:
 - 11.3.1 There should be evidence that the framework can be accessed by the Council;
 - 11.3.2 For competed services, the framework must provide for the holding of a mini-competition.
 - 11.3.3 For the making of a purchase without re-opening competition the framework must clearly identify the criteria for selecting, in order of priority, the contractor to be first, and subsequently, offered the order;
 - 11.3.4 The framework should offer value for money;
 - 11.3.5 The technical aspects and quality standards of the framework shall meet the Council's requirements.
- 11.4 For procurements equal or above the relevant EU threshold, the award of a framework agreement is regulated by the PCR 2015.
- 11.5 If the framework arrangement falls within the PCR 2015 then the term of the framework must not exceed four years. There is a provision to establish a framework for a longer period but this is only applicable in exceptional circumstances and where it can be justified by the subject of the framework. The Strategic Procurement Service must be contacted for advice.
- 11.6 Call-off contracts can extend beyond the life-span of the framework agreement. However, call-off contracts made close to, or at the end of, the term of the framework that have a disproportionate duration may amount to a breach of the PCR 2015. Before such a call-off contract is made, advice must be obtained from the Strategic Procurement Service.
- 11.7 The use of a framework agreement must be approved as part of the Commissioning Plan and the Procurement Plan.

- 11.8 A framework agreement is closed for the duration of its operation which means that no new providers and/or suppliers can be added to the framework. If you wish to create a contract which allows for new suppliers to be added you must set up a Dynamic Purchasing System (**DPS**). If you wish to set up a DPS you should contact the Strategic Procurement Service. If you are creating a framework under the Light Touch regime, a degree of flexibility is available. Contact the Strategic Procurement Service for further information.
- 11.9 A contract award report is not required for orders/placements called off under a framework agreement. However, before the order/placement is made a purchase order to the value of the purchase must first be authorised.

12. Framework Contracts (Single Supplier)

- 12.1 A framework contract differs from a framework agreement in that it is made between more than one purchaser and a single supplier, meaning that orders may be placed with that single supplier without competition. If an order is made under a framework contract the supplier will be contractually bound to accept that order.
- 12.2 A single supplier arrangement is likely to be used where the Council wishes to make a high number of purchases over a specified period, the aggregate value of those purchases being of high value, for example the purchase of stationery.
- 12.3 Framework contracts can be created so that one, or many, purchasers can be made under it.
- 12.4 The following principles should be followed when deciding whether to use an existing framework contract established by another body:
- 12.4.1 There should be evidence that the framework can be accessed by the Council;
- 12.4.2 The framework should offer value for money;
- 12.4.3 The technical aspects and quality standards of the framework should meet the Council's requirements.
- 12.5 For procurements above the threshold, the award of a framework contract is regulated by the PCR 2015.
- 12.6 If the framework arrangement falls within the PCR 2015 then the term of the framework must not exceed four years. There is a provision to establish a framework for a longer period but this is only applicable in exceptional circumstances and where it can be justified by the subject of the framework. The Strategic Procurement Service must be contacted for advice.
- 12.7 The use of a framework contract must be approved as part of the Commissioning Plan and the Procurement Plan.
- 12.8 A contract award report is not required for orders/placements made under a framework contract. However, before the order/placement is made a purchase order to the value of the purchase must first be authorised.

13. Light Touch Regime

- 13.1 The light touch regime applies to those services identified within Schedule 3 of the PCR 2015, and include health, social and related services, as well as other services.

- 13.2 The light touch regime applies where the services are considered to be of lower interest to cross border competition. The services listed in Schedule 3 are subject to the PCR 2015, but a "light touch" regime applies and a higher EU threshold applies.
- 13.3 Whether or not a service is within Schedule 3 must be decided on a case by case basis as it will be dependent upon the full scope of what is being procured. For example, you may be procuring a multi lot contract for facilities management services which include an element of security services. Although security services are within Schedule 3 the remainder of the facilities management services are not. In this instance, although your contract would have a light touch element, the majority of the contract would not be light touch and so the entire procurement would be subject to the full PCR 2015.
- 13.4 Services listed in Schedule 3 of the PCR 2015 are subject to the "light touch regime" and not subject to the full procurement regime of the PCR 2015. Schedule 3 services include health, social and related services and the provision of services to the community. You must seek advice from the Strategic Procurement Service if you consider your service will be subject to the light touch regime before you commence the procurement.
- 13.5 For assistance with which services are considered "Light Touch" and the differing procurement rules to be followed, contact the Strategic Procurement Service.

14. Outsourcing and Community Right to Challenge

- 14.1 Where it makes economic sense and it is a functional solution, the Council may outsource services or transfer them to the local community to provide directly.
- 14.2 The 'community right to challenge' is part of the 2011 Localism Act and gives voluntary and community groups, charities, parish and town councils and council employees the right to express an interest in taking over the running of a Council service. The Council must consider and respond to this challenge. Where the challenge is accepted, the Council must then run a procurement exercise in which the organisation making the challenge can bid to run the service (but not necessarily win). Expressions of interest to deliver services under the 'community right to challenge' shall be dealt with through the Council's adopted 'Process Guide to dealing with expressions of interest under the Community Right to Challenge.'

14a. Public works or services concessions under the concession contracts regulations 2016.

The Concession Contracts Regulations 2016 apply to above threshold public works concessions and public service concessions. There are no concession contracts for supplies.

Key factors of concession contracts are:

- Consideration must consist solely in the right to exploit the services or works that are subject to the contract or that right to exploit together with a payment; and
- The transfer to the concessionaire of the operating risk (encompassing demand or supply risk or both) plus real exposure to the vagaries of the market involving the possibility that the concessionaire will recoup the investment made and the costs incurred in operating those works or services.

If you consider that your opportunity may be a public works or a public services concession contract you must contact the Strategic Procurement Service for advice before beginning any stage of the procurement.

15. Social Value

- 15.1 The overall approach to delivering Social Value through the Council's suppliers is to agree proportionate and relevant Social Value outcomes with bidders during the procurement. There are two different but complementary routes in which this can be achieved. Firstly, Social Value can be built into the contract as a performance obligation within the requirements/specification. Secondly, bidders can be asked to be innovative about how they might deliver additional Social Value under the contract, and their responses are assessed as part of the overall evaluation process. These two routes are not necessarily independent i.e. both may be used within the same procurement process.
- 15.2 Procurement documents, in particular the evaluation model, should allow bidders to describe how they will deliver Social Value in addition to the core requirements of the contract. Procurement documents should also be clear on how responses will be assessed and evaluated.
- 15.3 The approach to achieving Social Value through the Council's procurements should be agreed as part of the development of the Commissioning Plan and the Procurement Plan.

16. Types of procedures

- 16.1 Where the opportunity to be advertised has an estimated whole life contract value of £100,000 and above the type of procedure to be followed must be determined as part of the development of the Procurement Plan, in consultation with the Strategic Procurement Service, prior to advertising. The types of procedure are as follows:
- 16.1.1 **Open Procedure** – where suppliers submit a tender in response to an advertisement. This is done via an Invitation to Tender (ITT) document, through a single stage process.
- 16.1.2 **Restricted Procedure** – includes a Pre-Qualification stage via the standard selection questionnaire, which is sent to all suppliers who express an interest in response to an advertisement. A selection of these suppliers is then invited to submit a tender via an ITT.

- 16.1.3 **Competitive Dialogue** – a procedure to be used where the procurement is of a very complex nature (technically, legally or financially), and the Council is unable to properly define one or more of these elements within the specification. In order for the Council to formulate its requirements, it will hold dialogue sessions with bidders during the tender process.
- 16.1.4 **Competitive with Negotiation** – this is a three-stage procedure that allows for negotiation after initial tenders have been submitted.
- 16.2 Where the estimated whole life contract value is under £100,000 you are not required to conduct a tender process, and may conduct a quotation process instead, but you may use a tender process if you consider it to be appropriate. Where you do conduct a tender process, the Open Procedure must be used. If your opportunity is under £100,000 but of a complex nature, contact the Strategic Procurement Service for advice.
- 16.3 For those opportunities equal or above the relevant EU thresholds, the standard selection questionnaire must be used within your selected procedure.

17. Advertising

- 17.1 The Council uses a web based system to advertise and run requests for quotes (**RFQs**) and tenders (**the Portal**). The Portal allows opportunities to either be openly advertised, where any appropriately registered supplier may express interest, or for quotes/tenders to be sent to specifically nominated suppliers only. All opportunities with a total estimated whole life contract value of £100,000 and above **must** be openly advertised. Below this figure opportunities **may** be advertised at the discretion of the contract manager. Whatever the value, where the Council advertises contracts using the Portal the opportunity must also be advertised on the government's Contracts Finder website if the opportunity will exceed £25,000 in value. The Strategic Procurement Service will be responsible for this.
- 17.2 Should you elect, at your own discretion, to conduct a formal tender process for opportunities with an estimated whole life contract value of under £100,000 you must advertise the opportunity as part of the tender process.
- 17.3 The process of advertising procurement opportunities via the Portal does not negate the requirement to advertise relevant opportunities in other media, such as The Official Journal of the European Union (**OJEU**), Contract's Finder, the Council's website, local newspapers, or any other method, should this be required.
- 17.4 The Council can also publish Prior Information Notices (**PINs**). The PIN will give details of supply and services contracts for which the Council expects to seek tenders in the next 12 months. If the Council is going to publish a PIN for supplies and services, this should be done as soon as possible after the start of the financial year. The advantage of using PINs is that it reduces the tender timescales.
- 17.5 A PIN can also be used as part of a soft marketing testing exercise to understand the quantity, appetite and capability of suppliers to deliver potential contracts.
- 17.6 All suppliers invited to tender must be issued with the same information at the same time and subject to the same conditions.

18. Receipt of Tenders

- 18.1 Unless otherwise authorised as an exception, all bids and quotations with an estimated contract value of £10,000 and above will be operated through the Portal.

- 18.2 Bids which are received after the date and time stipulated in the Invitation to Tender document should not be considered.
- 18.3 All bids received electronically must either be opened by the Strategic Procurement Service or by officers authorised by the Strategic Procurement Service.
- 18.4 If, on checking a quotation or bid, any errors or discrepancies affecting the content of a bid are identified, these should be the subject of clarification with the bidder in accordance with the applicable laws.
- 18.5 If you are uncertain about the approach to apply to an error, or the period to grant a bidder to correct it, then seek the advice of the Strategic Procurement Service.

19. Evaluating tenders

- 19.1 Care should be taken to evaluate the bid using the most economically advantageous tender (**MEAT**) rather than simply the unit price. The lowest priced tender may not offer the best value for money over the life of the contract, taking into account price and quality.
- 19.2 Should a submitted bid appear to be priced too low to deliver the required quality of service this should be clarified. The bidder should be challenged as to how they can deliver the expected quality and requirements at that price. Should this show that the proposed service is indeed unsustainable, the tender may be rejected. Before any bid is rejected you must take advice from the Strategic Procurement Service.
- 19.3 Each bid should be evaluated by scoring objectively in accordance with the award criteria by a panel of appropriate officers. The process and evaluation model should be set out in the Procurement Plan. The contract should be awarded to the bidder submitting the tender that achieves the highest score in the evaluation process.
- 19.4 The criteria used to evaluate each bid must:
 - 19.4.1 Be based on the predetermined award criteria specified in the invitation to tender document, including the weighting to be used;
 - 19.4.2 Include the total value of the contract;
 - 19.4.3 Be strictly observed throughout the tender process;
 - 19.4.4 Be capable of objective assessment;
 - 19.4.5 Avoid discrimination.
- 19.5 Where the opportunity is £500,000 and above, or where there is a perceived risk through the term or nature of the contract regardless of contract value, an assessment of the bidders' financial standing should be undertaken to the satisfaction of the relevant Director.
- 19.6 The results of the tender evaluation process must be recorded in writing.
- 19.7 The Council is not obliged to accept any tender.

20. Awarding the Contract

- 20.1 All bidders should be notified simultaneously (via the Portal) and as soon as possible of the intention to award the contract to the successful bidder.
- 20.2 The unsuccessful bidders must have at least 10 days in which to challenge the decision before the contract is actually awarded. This 'standstill period' is commonly referred to as the Alcatel period and is a legal requirement of an EU compliant procurement process.

The standstill period is not a legal requirement for contracts which fall below the EU threshold but it is good practice to allow some time before making the contract award.

- 20.3 If the decision is challenged by an unsuccessful bidder then the contract cannot be awarded and the Assistant Director Legal and Governance must be contacted to advise on the steps to be taken.
- 20.4 The contract manager in conjunction with the Strategic Procurement Service (where appropriate) shall (via the Portal) debrief in writing all those bidders who submitted a bid about the relative advantages of the leading bidder and should only disclose:
 - 20.4.1 How the award criteria was applied and the scores and relative advantages of the winning bidder(s);
 - 20.4.2 The name of the winning bidder(s).
- 20.5 All documents should be kept in accordance with the Corporate Retention and Disposal Schedule.

21. Reverse auctions

- 21.1 On the advice of, and with prior authorisation from the Strategic Procurement Service, electronic reverse auctions may be used for the submission of prices. The specific procedures to be used must be approved by the Head of Strategic Procurement, and should normally be facilitated via the Portal.

22. EU thresholds

- 22.1 The procurement of goods, services and works that equal or exceed the EU procurement thresholds are covered by the EU Consolidated Procurement Directive as enforced by the Public Contract Regulations 2015. The Directive lays down strict processes for advertising, timetabling and contractor selection.
- 22.2 These rules take precedence over all Council and UK national regulations and carry potentially heavy penalties for non-compliance.
- 22.3 There are separate thresholds regarding services covered within the "Light Touch" regime, the Concession Contracts Regulation 2016 and the Utilities Contracts Regulations 2016. If you are uncertain if your opportunity falls under one of these Regulations you must seek advice from the Strategic Procurement Service. These thresholds are (Jan 2018);
 - 22.3.1 "Light Touch" - £615,278
 - 22.3.2 Concessions - £4,551,413
 - 22.3.3 Utilities (Goods & Services) - £363,424
 - 22.3.4 Utilities (Works) – £4,51,413

The EU thresholds will remain fixed until the 31 December 2019.

- 22.4 All opportunities that equal or exceed the EU Threshold must be advertised in the Official Journal of the European Union (**OJEU**) and Contracts Finder. The advertisement will be placed by the Strategic Procurement Service.

23. Contracts

- 23.1 All contracts shall, as a minimum:
 - 23.1.1 be in writing;
 - 23.1.2 specify what is to be supplied (that is, the works, materials, services, matters or things to be furnished, had or done);
 - 23.1.3 specify the payment provisions (that is, the price to be paid and when);
 - 23.1.4 specify the time-scale within which the contract is to be performed; and
 - 23.1.5 specify the termination provisions under which the Council shall and may terminate the contract.
- 23.2 In addition, every contract involving a purchase of £50,000 and above must also clearly state as a minimum:
 - 23.2.1 the performance standards to be met;
 - 23.2.2 the insurance requirements;
 - 23.2.3 health and safety requirements;
 - 23.2.4 equality and diversity requirements;
 - 23.2.5 (where relevant) that the contractor may not assign the contract or sub-contract any part of the contract without prior written consent from the Council;
 - 23.2.6 information governance, Freedom of Information and Data Protection requirements;
 - 23.2.7 contract management requirements;
 - 23.2.8 a right, given to the council, of access to documents and records which relate to the subject matter of the contract for monitoring and audit purposes;
 - 23.2.9 an obligation on the Council to pay undisputed invoices within 30 days;
 - 23.2.10 an obligation on the principal contractor to pay any sub-contractor invoices within 30 days;
 - 23.2.11 a clause for the prevention of corruption and bribery; and
 - 23.2.12 contract enforcement mechanisms.
- 23.3 Formal advice from the Assistant Director Legal and Governance must be sought on contract terms and conditions for the following contracts:
 - 23.3.1 where the estimated whole-life value of the opportunity is £100,000 and above;
 - 23.3.2 those involving leasing arrangements;
 - 23.3.3 where it is proposed to use the external supplier's own terms;
 - 23.3.4 those that are considered to be high risk in terms of service failure or the Council's reputation; or
 - 23.3.5 those that are complex in any other way.
- 23.4 All contracts must be formally concluded in writing before the supply, service or construction begins. An award letter is insufficient.

24. Prevention of bribery or corruption

24.1 Officers must comply with the Council's Code of Conduct and must not invite or accept gift or reward for the award of, or in respect of, the performance of any contract. It will be for the officer to prove that anything received was not received corruptly. High standards of behaviour are obligatory. Corrupt behaviour will result in disciplinary action being taken against the officer concerned. Offering, promising or giving of a bribe (active bribery) and the requesting, agreeing to receive or accepting of a bribe (passive bribery) is a criminal offence under the Bribery Act 2010 and council employees should take all necessary steps to protect themselves and the Council against committing acts of bribery.

25. Declaration of interest

25.1 If it comes to the knowledge of a member or officer of the Council that he or she has, or may have, a conflict of interest in the contract to be awarded or made he or she shall immediately give written notice to the Chief Executive who will inform the relevant Director.

25.2 Such written notice is required regardless of whether the interest is that of a member or officer themselves or a close relative, partner, direct or indirect. An indirect disclosable interest is distinct from a direct disclosable interest in that it is not a contract to which the member or employee is directly a party.

25.3 The Chief Executive shall maintain a record of all declarations of interests notified by members and officers.

25.4 The Chief Executive shall ensure that the attention of all members is drawn to the Code of Conduct for Local Authority Members.

26. Extending the term of the contract

26.1 If the original contract includes an option to extend the initial term and the authority to enter into the contract was given for the whole life contract value the relevant Director may authorise the extension period via a Director's Decision.

26.2 If the original contract does not include an option to extend the initial term or the authority to enter into the contract was not given for the extension period;

26.2.1 the maximum extension period allowed is 50% of the initial (original) term or a maximum of 12 months, whichever is lesser; AND

26.2.2 Authority to extend the initial term must be obtained before the contract is extended. The value of the extension period will determine who can authorise the extension based on the values in the table at paragraph 9.4 above.

Where the whole life value of the contract equals or exceeds the relevant EU threshold the PCR 2015 must be fully complied with. Where this applies you must seek advice from the Strategic Procurement Service.

27. Contract variation other than extending the term of the contract

27.1 Instructions to vary a contract shall be made in writing and before the variation is made approved by the relevant Director and referred to Legal Services for advice where the contract is subject to the PCR 2015.

- 27.2 Where a contract with a whole-life contract value of £50,000 and above is proposed to be increased by a value of 25% and above, an immediate report shall be made to the Section 151 Officer who shall decide what further action is necessary.
- 27.3 Where a variation occurs during the life of the contract that cannot be met from within existing budgetary provision, an immediate report shall be made to the Section 151 officer who shall decide what further action is necessary.
- 27.4 Where any claim for payment exceeds the original contract sum by £50,000 or more, the matter must be referred to the Head of Strategic Procurement before any settlement is made.

28. Contract management

- 28.1 Directors shall ensure that there is a named contract manager for each new contract. For each contract with an expected value of £100,000 and above the contract manager will work jointly with the Strategic Procurement Service during the procurement process.
- 28.2 As part of the procurement process the contract manager and Strategic Procurement Service will agree the contract management measures that are appropriate for the contract. This will include, but not be limited to, performance measurement/management, review meetings, risk management, governance and escalation. The approach to contract management shall be proportionate, with management activity linked to contract risk and value.

29. The contract performance framework

- 29.1 The Council has a performance framework to ensure strong corporate governance of its major contracts.
- 29.2 Contract managers shall measure contract performance against the standards and the performance indicators set out in the contract. Contract managers shall also identify (through a risk assessment) an appropriate set of indicators of the quality of the actual process of contract management.
- 29.3 Contract managers shall complete a quarterly assessment to assure the Council that each contract is delivering good outcomes and is being well managed. The quarterly assessment shall be discussed and agreed with the contract manager's direct line manager.
- 29.4 Directors shall ensure that contracts which are of strategic importance (in terms of the services offered and/or the contract value and/or the risk of service failure and/or the reputational risk to the Council) shall be referred to the Council's corporate management team (CMT). Significant contracts which are under-performing shall also be referred to CMT.

PART B – LAND AND BUILDINGS

30. Purchasing and leasing

- 30.1 Purchasing and leasing of land and buildings shall be made in compliance with the Council's Financial Regulations and Disposal of Land & Property Procedures.
- 30.2 No property related contract sale, purchase, tenancy, lease or third-party rights shall be entered into without the involvement of Assistant Director Legal and Governance, (through the section 151 Officer).

PART C – DISPOSAL OF ASSETS OTHER THAN LAND OR PROPERTY

31. Disposal of assets other than land or property

- 31.1 Disposal of other assets (other than land and building) shall be made in compliance with the Council's Financial Regulations.
- 31.2 In addition, there shall be clear documentation agreed and signed by the budget holder, his/her line manager and the Director detailing:
 - 31.2.1 Why the item is no longer required.
 - 31.2.2 A statement as to the physical condition of the item.
 - 31.2.3 An estimated market value for disposal.
- 31.3 The section 151 Officer must be informed of the proposed disposal of any item listed on the Council's Asset Register. The relevant Service Accountant must be informed of the proposed disposal of items originally obtained through leasing arrangements.
- 31.4 Serviceable surplus goods shall be first offered for disposal within the Council. If no internal interest is received the item can be disposed of externally. If it is perceived that the goods are usable in their present state for their original purpose then the Council may be able to sell the item. Careful consideration should be given to the selling of goods as the Council must comply with the Consumer Protection Act 1987 and the Consumer Rights Act 2015 Compliance with the Act rests with Directors.
- 31.5 The Council is able to supply office furniture to the general market place, providing the furniture is in a usable condition and not likely to cause injury.
- 31.6 Any item identified as being beyond economic repair shall be scrapped. If it is perceived that there is a scrap value the item shall be sold as scrap. Electrical, gas, or mechanical items identified as no longer 'fit for purpose' shall only be sold as scrap or for refurbishment to an established company in the business of handling scrap or reconditioning items. Any sale document must clearly show that the item is being sold for scrap or refurbishment value only. Such items must not be offered for direct sale to the general market.
- 31.7 Motor vehicles can be offered for direct sale providing that the vehicle has a valid MOT certificate, is otherwise roadworthy and has no other obvious defects.
- 31.8 The item may either be sold through public auction or by private treaty. If to be sold by private treaty:
 - 31.8.1 Where the estimated disposal value is under £500 at least one written offer shall be obtained and retained, and the highest offer shall be accepted.
 - 31.8.2 Where the estimated disposal value is between £500 and £10,000 then at least three written offers must be sought and retained, and the highest offer shall be accepted.
 - 31.8.3 Where the estimated disposal value is over £10,000, advice must be sought from the Head of Internal Audit or the Section 151 Officer, who shall recommend an appropriate disposal method for submission to the relevant Executive Member.
- 31.9 Items can be offered for sale through e-Bay using the council's corporate account held by the Strategic Procurement Service.
- 31.10 No surplus goods may be given or sold to any Council Officer, Member or their immediate family, except when won via public auction or e-Bay

31.11 Further advice on disposal considerations must be initially sought from the Strategic Procurement Service.

OFFICER EMPLOYMENT PROCEDURE RULES

1. Recruitment and appointment

1.1 Declarations

1.1.1 The Council will draw up a statement requiring any candidate for appointment as an officer to state in writing whether they are the parent, grandparent, partner, child, stepchild, adopted child, grandchild, brother, sister, uncle, aunt, nephew, or niece of an existing Councillor or officer of the Council; or of the partner of such persons.

1.2 No candidate so related to a Councillor or an officer will be appointed without the authority of the relevant chief officer or an officer nominated by him/her.

1.3 Seeking support for appointment

1.3.1 The Council will disqualify any applicant who directly or indirectly seeks the support of any Councillor for any appointment within the Council. The content of this paragraph will appear on any recruitment information.

1.3.2 No Councillor will seek support for any person for any appointment within the Council.

2. Recruitment of Head of Paid Service and chief officers

Where the Council proposes to appoint a chief officer and it is not proposed that the appointment will be made exclusively from within their existing officers, the Council will:

2.1 draw up a statement specifying:

2.1.1 the duties of the officer concerned; and

2.1.2 any qualifications or qualities to be sought in the person to be appointed;

2.2 make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and

2.3 make arrangements for a copy of the statement mentioned in paragraph 1.1.1 to be sent to any person on request.

3. Appointment of Head of Paid Service

3.1 The full Council will approve the appointment of the Head of Paid Service following the recommendations of such an appointment by a Committee or sub-Committee of the Council. That Committee or sub-Committee must include at least one Member of the Executive.

3.2 The full Council may only make or approve the appointment of the Head of Paid Service in accordance with the applicable legislation.

4. Appointment of chief officers and assistant directors

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- 4.1 A Committee or sub-Committee of the Council will appoint chief officers and assistant directors. That Committee or sub-Committee must include at least one Member of the Executive.
- 4.2 An offer of employment as a chief officer or assistant director shall only be made in accordance with the applicable legislation.

5. Other appointments

- 5.1 Appointment of officers below Deputy Chief officer as defined in the Local Government and Housing Act 1989 (other than assistants to political groups) is the responsibility of the Head of Paid Service or his/her nominee, and may not be made by Councillors.
- 5.2 Appointment to assistants to a political group shall be made in accordance with the wishes of that political group.

6. Disciplinary action

- 6.1 Neither the Head of Paid Service, Monitoring Officer or Section 151 Officer may be dismissed by the Council unless the procedure set out in the following paragraphs has been complied with
- 6.2 The authority must appoint relevant independent persons to consider any proposal to dismissal of any of the officers named in 6.1 and must appoint at least two such persons
- 6.3 The panel which is to consider a report regarding the potential dismissal of any of the officers mentioned in paragraph 6.1, must be appointed 20 days before any meeting to consider any disciplinary action that may result in dismissal of any of the officers mentioned in paragraph 6.1.
- 6.4 Before the taking of a vote at a meeting of the Council at which the matter of whether or not to approve such a dismissal, the Council must take into account, in particular-
 - (a) any advice, views or recommendations of the panel;
 - (b) the conclusions of any investigation into the proposed dismissal; and
 - (c) any representations from the relevant officer.
- 6.5 No notice of dismissal can be issued to any of the officers mentioned in paragraph 6.1 until the authority have resolved to dismiss the relevant officer
- 6.6 The Independent Persons that should be considered for appointment to the Employment Committee are those appointed under section 28(7) of the Localism Act 2011
- 6.7 The authority must appoint to the Panel such independent persons as referred to in paragraph 6.6 who have accepted an invitation to be appointed to the panel in accordance with the following priority order -

- (a) a relevant independent person who has been appointed by the authority and who is a local government elector;
- (b) any other relevant independent person who has been appointed by the authority;
- (c) a relevant independent person who has been appointed by another authority or authority

6.8 Councillors will not be involved in the disciplinary action against any officer below assistant director except where such involvement is necessary for any investigation into alleged misconduct, or through the Council's disciplinary, capability and related procedures, as adopted from time to time which may allow a right of appeal to Members in respect of disciplinary action.

7. Dismissal

Councillors will not be directly involved in the dismissal of any officer below assistant director except where such involvement or inquiry into alleged misconduct, through the Council's disciplinary, capability and related procedures, as adopted from time to time may allow a right of appeal to Members in respect of dismissals.

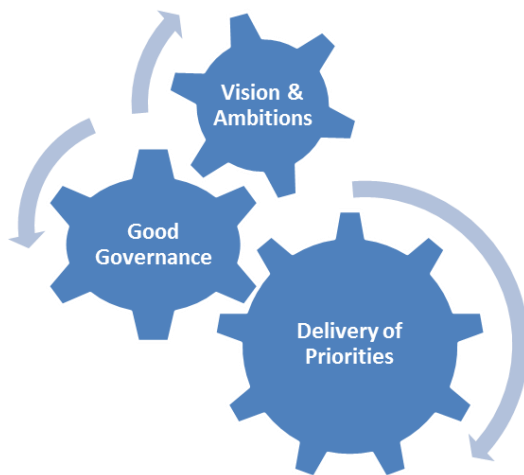
REVISED LOCAL CODE OF CORPORATE GOVERNANCE

1 Delivering Good Governance

- 1.1 *Delivering Good Governance in Local Government; Framework*, published by CIPFA in association with SOLACE, sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:
- Resources are directed in accordance with agreed policy and according to priorities
 - There is sound and inclusive decision making
 - There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities
- 1.2 Governance is a term used to describe the arrangements (including political, economic, social, environmental, administrative, legal, and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved.
- 1.3 Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.
- 1.4 The *Delivering Good Governance in Local Government; Framework*, sets out seven core principles of governance as detailed in the diagram below. North Somerset Council is committed to these principles of good governance and confirms this through the adoption, monitoring and development of this document - the Council's Local Code of Corporate Governance.
- 1.5 Our Local Code is underpinned by the *Delivering Good Governance in Local Government; Framework* and is comprised of policies, procedures, behaviours and values by which the Council is controlled and governed. These key governance areas and how the Council provides assurance that it is complying with these are set out in more detail within its Governance Assurance Framework.
- 1.6 The Council recognises that establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures. The Council expects members and officers to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability in carrying out their duties.

2. Principles of Good Governance

2.1 This diagram illustrates how good governance is integral to supporting the delivery of the organisations priorities.



2.2 The principles of good governance therefore describe the outcomes this code is attempting to deliver. The guidance prescribes these as follows –

- **Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**
- **Ensuring openness and comprehensive stakeholder engagement**
- **Defining outcomes in terms of sustainable, economic, social and environmental benefits**
- **Determining the interventions necessary to optimize the achievement of the intended outcomes**
- **Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- **Managing risks and performance through robust internal control and strong public financial management**
- **Implementing good practices in transparency, reporting and audit, to deliver accountability**

2.3 Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed at Appendix A

3 Status

- 3.1 Regulation 6(1)(a) of the Accounts and Audit regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published statement of Accounts. This is known as an Annual Governance Statement.
- 3.2 The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be prepared in accordance with proper practices in relation to accounts. Therefore a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government Framework (2016) and this section of the Code.

4 Monitoring and review

- 4.1 The Council will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date. This process of review to produce the Annual Governance Statement sets out in more detail how the Council will seek assurance on its adherence to the adopted principles of governance detailed in this code.
- 4.2 On an annual basis, the Chief Executive and Leader of the Council will therefore publish an Annual Governance Statement which will:
- assess how the Council has complied with this Code of Corporate Governance
 - provide an opinion on the effectiveness of the Council's arrangements
 - Provide details of how continual improvement in the systems of governance will be achieved.

5 Certification

- 5.1 We hereby certify our commitment to this Code of Corporate Governance and will ensure that the Council continues to review, evaluate and develop the Council's Governance arrangements to ensure continuous improvement of the Council's systems.

Leader of the Council

Chief Executive

Date:

Date:

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Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law</p>	<p>Behaving with integrity</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation <input type="checkbox"/> Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should <ul style="list-style-type: none"> build on the Seven Principles of Public Life (the Nolan Principles) <input type="checkbox"/> Leading by example and using the above standard operating principles or values as a <ul style="list-style-type: none"> framework for decision making and other actions <input type="checkbox"/> Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that <ul style="list-style-type: none"> they are operating effectively
	<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Seeking to establish, monitor and maintain the organisation's ethical standards and performance <input type="checkbox"/> Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of <ul style="list-style-type: none"> the organisation's culture and operation <input type="checkbox"/> Developing and maintaining robust policies and procedures which place emphasis on agreed

	<p>ethical values</p> <ul style="list-style-type: none"> <input type="checkbox"/> Ensuring that external providers of services on behalf of the organisation are required to act with
Respecting the rule of law	<p>integrity and in compliance with ethical standards expected by the organisation</p> <ul style="list-style-type: none"> <input type="checkbox"/> Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as <ul style="list-style-type: none"> adhering to relevant laws and regulations <input type="checkbox"/> Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements <input type="checkbox"/> Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders <input type="checkbox"/> Dealing with breaches of legal and regulatory provisions effectively <input type="checkbox"/> Ensuring corruption and misuse of power are dealt with effectively

Core Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
B. Ensuring openness and comprehensive stakeholder engagement	Openness	<ul style="list-style-type: none"> <input type="checkbox"/> Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness <input type="checkbox"/> Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided <input type="checkbox"/> Providing clear reasoning and evidence for decisions in both public records and

	<p>explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</p> <p><input type="checkbox"/> Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</p>
<p>Engaging comprehensively with institutional stakeholders</p>	<p><input type="checkbox"/> Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</p> <p><input type="checkbox"/> Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</p> <ul style="list-style-type: none"> - Ensuring that partnerships are based on: trust - a shared commitment to change - a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit
<p>Engaging with individual citizens and service users</p>	<p><input type="checkbox"/> Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</p> <p><input type="checkbox"/> Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</p>

effectively

- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
- Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- Taking account of the impact of decisions on future generations of tax payers and service users

Core Principles	<i>Sub-Principles</i>	Behaviour and actions that demonstrate good governance in practice:
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits	Defining outcomes	<ul style="list-style-type: none"> <input type="checkbox"/> Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for <ul style="list-style-type: none"> the organisation's overall strategy, planning and other decisions <input type="checkbox"/> Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer <input type="checkbox"/> Delivering defined outcomes on a sustainable basis within the resources that will be available <input type="checkbox"/> Identifying and managing risks to the achievement of outcomes <input type="checkbox"/> Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available
	Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <input type="checkbox"/> Considering and balancing the combined economic, social and environmental impact of <ul style="list-style-type: none"> policies and plans when taking decisions about service provision <input type="checkbox"/> Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes <ul style="list-style-type: none"> and short-term factors such as the political cycle or financial constraints <input type="checkbox"/> Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where

possible, in order to ensure appropriate trade-offs

- Ensuring fair access to services

Core Principles	<i>Sub-Principles</i>	Behaviour and actions that demonstrate good governance in practice:
D. Determining the interventions necessary to optimise the achievement of the intended outcomes	Determining interventions	<ul style="list-style-type: none"> <input type="checkbox"/> Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided <input type="checkbox"/> Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts
	Planning interventions	<ul style="list-style-type: none"> <input type="checkbox"/> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets <input type="checkbox"/> Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered <input type="checkbox"/> Considering and monitoring risks facing each partner when working collaboratively, including shared risks <input type="checkbox"/> Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances <input type="checkbox"/> Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured <input type="checkbox"/> Ensuring capacity exists to generate the information required to review service quality regularly

	<ul style="list-style-type: none"> <input type="checkbox"/> Preparing budgets in accordance with objectives, strategies and the medium term financial plan <input type="checkbox"/> Informing medium and long-term resource planning by drawing up realistic estimates of revenue <p style="text-align: center;">and capital expenditure aimed at developing a sustainable funding strategy</p>
<p>Optimising achievement of intended outcomes</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints <input type="checkbox"/> Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations <p style="text-align: center;">over the medium and longer term</p> <ul style="list-style-type: none"> <input type="checkbox"/> Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage <input type="checkbox"/> Ensuring the achievement of 'social value' through service planning and commissioning

Core Principles	<i>Sub-Principles</i>	Behaviour and actions that demonstrate good governance in practice:
E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it	Developing the entity’s capacity Developing the capability of the entity’s leadership and other individuals	<ul style="list-style-type: none"><input type="checkbox"/> Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness<input type="checkbox"/> Improving resource use through application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved<input type="checkbox"/> Recognising the benefits of partnership working where added value can be achieved<input type="checkbox"/> Developing & maintaining an effective workforce plan to enhance the strategic allocation of resources<input type="checkbox"/> Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained<input type="checkbox"/> Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body<input type="checkbox"/> Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority<input type="checkbox"/> Developing the capabilities of members and senior management to achieve effective

leadership

and to enable the organisation to respond successfully to changing legal and policy demands as

well as economic, political and environmental changes and risks by: ensuring members and staff

have access to appropriate induction tailored to their role and that ongoing training and

development matching individual and organisational requirements is available and encouraged

- ensuring members and officers have the appropriate skills, knowledge, resources and

support to fulfil their roles and responsibilities and ensuring that they are able to update

their knowledge on a continuing basis

- ensuring personal, organisational and system-wide development through shared learning,

including lessons learnt from governance weaknesses both internal and external

- Ensuring that there are structures in place to encourage public participation

- Taking steps to consider the leadership's own effectiveness and ensuring leaders are open

to constructive feedback from peer review and inspections

- Holding staff to account through regular performance reviews which take account of training

- Ensuring arrangements are in place to maintain the health and wellbeing of the workforce

and support individuals in maintaining their own physical and mental wellbeing

Core Principles	<i>Sub-principles</i>	Behaviour and actions that demonstrate good governance in practice:
F. Managing risks and performance through robust internal control and strong public financial management	Managing risk	<ul style="list-style-type: none"> <input type="checkbox"/> Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making <input type="checkbox"/> Implementing robust and integrated risk management arrangements and ensuring that they are working effectively <input type="checkbox"/> Ensuring that responsibilities for managing individual risks are clearly allocated
	Managing performance	<ul style="list-style-type: none"> <input type="checkbox"/> Monitoring service delivery effectively including planning, specification, execution and independent post implementation review <input type="checkbox"/> Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook <input type="checkbox"/> Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (Or, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making <input type="checkbox"/> Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement <input type="checkbox"/> Ensuring there is consistency between specification stages (such as budgets) and post

- Robust internal control**
- implementation reporting (e.g. financial statements)
 - Aligning the risk management strategy and policies on internal control with achieving objectives
 - Evaluating and monitoring risk management and internal control on a regular basis
 - Ensuring effective counter fraud and anti-corruption arrangements are in place
 - Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
 - Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment
 - that its recommendations are listened to and acted upon

Managing data	<ul style="list-style-type: none"><input type="checkbox"/> Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data<input type="checkbox"/> Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies<input type="checkbox"/> Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring
Strong public financial management	<ul style="list-style-type: none"><input type="checkbox"/> Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance<input type="checkbox"/> Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and control

<i>Core Principles</i>	<i>Sub-Principles</i>	<i>Behaviour and actions that demonstrate good governance in practice:</i>
<p>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<p>Implementing good practice in transparency</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate <input type="checkbox"/> Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand
	<p>Implementing good practices in reporting</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way <input type="checkbox"/> Ensuring members and senior management own the results reported <input type="checkbox"/> Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement) <input type="checkbox"/> Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate <input type="checkbox"/> Ensuring the performance information that accompanies the financial statements is prepared on

		<p>a consistent and timely basis and the statements allow for comparison with other, similar organisations</p>
	<p>Assurance and effective accountability</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Ensuring that recommendations for corrective action made by external audit are acted upon <input type="checkbox"/> Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon <input type="checkbox"/> Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations <input type="checkbox"/> Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement <input type="checkbox"/> Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met

PART 5

CODES AND PROTOCOLS

NORTH SOMERSET CODE OF CONDUCT FOR MEMBERS

Code dealing with the conduct expected of members and co-opted members of the Council when acting in that capacity

You are a member or co-opted member of the North Somerset council and hence you shall have regard to the following principles –

selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Accordingly, when acting in your capacity as a member or co-opted member -

1. You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.
2. You must not place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.
3. When carrying out your public duties you must make all choices, such as making public appointments, awarding contracts or recommending individuals for rewards or benefits, on merit.
4. You are accountable for your decisions to the public and you must co-operate fully with whatever scrutiny is appropriate to your office.
5. You must be as open as possible about your decisions and actions and the decisions and actions of your authority and should be prepared to give reasons for those decisions and actions.
6. You must declare any disclosable pecuniary interests, that relate to your public duties and must take steps to resolve any conflicts arising in a way that protects the public interest, including registering and declaring interests in a manner conforming with the procedures set out below.
7. You must, when using or authorising the use by others of the resources of your authority, ensure that such resources are not used improperly for political purposes (including party political purposes) and you must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

8. You must promote and support high standards of conduct when serving in your public post, in particular as characterised by the above requirements, by leadership and example.

Registering and declaring disclosable pecuniary interests

9. You must, within 28 days of taking office as a member or co-opted member, or after the Council has adopted a new Code of Conduct notify the Monitoring officer of any disclosable pecuniary interest as defined by regulations made by the Secretary of State, where the pecuniary interest is yours, your spouse's or civil partner's, or is the pecuniary interest of somebody with whom you are living with as a husband or wife, or as if you were civil partners.
10. A member must disclose a disclosable pecuniary interest to any meeting of the authority at which they are present, where the disclosable interest in any matter is being considered and where the matter is not a 'sensitive interest'.¹
11. Following any disclosure of an interest not on the authority's register or the subject of pending notification, you must notify the Monitoring officer of the interest within 28 days beginning with the date of disclosure.
12. Unless dispensation has been granted, you may not participate in any discussion or, vote on, or discharge any function related to any matter in which you have a pecuniary interest.
13. In addition to the register of disclosable pecuniary interests a register of gifts and hospitality offered to members is maintained by the Senior Leadership Support Team which members may use to record offers received of gifts and hospitality (including whether or not the offer was accepted) for the purposes of transparency.

Disclosable Pecuniary interests

<i>Subject</i>	<i>Prescribed description</i>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the

¹ A 'sensitive interest' is described in the Localism Act 2011 as a member or co-opted member of an authority having an interest, and the nature of the interest being such that the member or co-opted member, and the authority's monitoring officer, consider that disclosure of the details of the interest could lead to the member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.

relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992⁽²⁾.

Contracts

Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority—
(a) under which goods or services are to be provided or works are to be executed; and
(b) which has not been fully discharged.

Land

Any beneficial interest in land which is within the area of the relevant authority.

Licences

Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.

Corporate tenancies

Any tenancy where (to M's knowledge)—
(a) the landlord is the relevant authority; and
(b) the tenant is a body in which the relevant person has a beneficial interest.

Securities

Any beneficial interest in securities of a body where—
(a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and

⁽²⁾ 1992 c. 52.

(b) either—

(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

STANDARDS OF CONDUCT FOR MEMBERS - THE GENERAL PRINCIPLES

1. Selflessness

- 1.1 Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.

2. Honesty and integrity

- 2.1 Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

3. Objectivity

- 3.1 Members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

4. Accountability

- 4.1 Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

5. Openness

- 5.1 Members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.

6. Personal judgement

- 6.1 Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

7. Respect for others

- 7.1 Members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.

8. Duty to uphold the law

8.1 Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

9. Stewardship

9.1 Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.

10. Leadership

10.1 Members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

OFFICERS' CODE OF CONDUCT

1. Introduction

The public is entitled to expect the highest standards of conduct from all employees who work for the Authority. This Code outlines existing laws, regulations and conditions of service and provides further guidance to assist local authorities and their employees in their day-to-day work. The Code is produced in the light of the challenges that employees face in the new and more commercially orientated environment. This includes the introduction and extension of best value, market testing, changes in the management of the education and housing services, care in the community, management buyouts, etc.

2. Who the Code is aimed at

The code applies to all employees of the Authority.

Inevitably some of the issues covered by the Code will affect senior, managerial and professional employees more than it will others. The Code is intended to cover all employees under a contract of employment within local government, including office holders such as registrars. Activities carried out by employees acting as members of companies or voluntary organisations should be subject to the minimum standards within this Code.

3. Standards

- 3.1 Local government employees are expected to give the highest possible standard of service to the public, and where it is part of their duties, to provide appropriate advice to Councillors and fellow employees with impartiality. Employees will be expected, through agreed procedures and without fear of recrimination, to bring to the attention of the appropriate level of management any deficiency in the provision of service. Employees must report to the appropriate manager any impropriety or breach of procedure.

4. Disclosure of Information

- 4.1 It is generally accepted that open government is best. The law requires that certain types of information must be available to members, auditors, government departments, service users and the public. The Authority itself may decide to be open about other types of information. Employees must be aware of which information their Authority is and is not open about, and act accordingly.

- 4.2 Employees should not use any information obtained in the course of their employment for personal gain or benefit, nor should they pass it on to others who might use it in such a way. Any particular information received by an employee from a Councillor which is personal to that Councillor and does not belong to the Authority should not be divulged by the employee without the prior approval of that Councillor, except where such disclosure is required or sanctioned by the law.

NB This refers to anything in a Councillor's personal capacity which does not belong to the Authority. Everything connected with the job of Councillor belongs to the Authority i.e. all work connected with constituents, the constituency, Committees and the Local Authority. This would therefore only involve anything personal to the Councillor as an individual outside their duties and responsibilities as an elected Member.

5. Political Neutrality

- 5.1 Employees service the authority as a whole. It follows they must serve all Councillors and not just those of the controlling group, and must ensure that the individual rights of all Councillors are respected.
- 5.2 Subject to the Authority's conventions, employees may also be required to advise political groups. They must do so in ways which do not compromise their political neutrality.
- 5.3 Employees, whether or not politically restricted, must follow every lawful expressed policy of the Authority and must not allow their own personal or political opinions to interfere with their work.
- 5.4 Political assistants appointed on fixed term contracts in accordance with the Local Government and Housing Act 1989 are exempt from the standards set in paragraphs 5.1 to 5.3.

6. Relationships

6.1 Councillors

Employees are responsible to the Authority through its senior managers. For some, their role is to give advice to Councillors and senior managers and all are there to carry out the Authority's work. Mutual respect between employees and Councillors is essential to good local government. Close personal familiarity between employees and individual Councillors can damage the relationship and prove embarrassing to other employees and Councillors and should therefore be avoided.

6.2 The Local Community and Service Users

Employees should always remember their responsibilities to the community they service and ensure courteous, efficient and impartial service delivery to all groups and individuals within that community as defined by the policies of the Authority.

6.3 Contractors

All relationships of a business or private nature with external contractors, or potential contractors, should be made known to the appropriate manager. Orders and contracts must be awarded on merit, by fair competition against other tenders and no special favour should be shown to businesses run by, for example, friends, partners or relatives in the tendering process. No part of the local community should be discriminated against.

- 6.4 Employees who engage or supervise contracts or have any other official relationship with contractors and have previously had or currently have a relationship in a private or domestic capacity with contractors, should declare that relationship to the appropriate manager.

NB Although relationships should be declared on application forms a situation may arise where a relative or close personal friend becomes a Councillor on or after the date of appointment of the employee. In such cases, such relationships should be made known to the employee's manager in the same way as other relationships which need to be divulged.

7. Appointment and other Employment matters

- 7.1 Employees involved in appointments should ensure that these are made on the basis of merit. It would be unlawful for an employee to make an appointment which was based on anything other than the ability of the candidate to undertake the duties of the post. In order to avoid any possible accusation of bias, employees should not be involved in an appointment where they are related to an applicant, or have a close personal relationship outside work with him or her.

- 7.2 Similarly, employees should not be involved in decisions relating to discipline, promotion or pay adjustments for any other employee who is a relative, partner, etc.

NB The word "etc" will be applied by the Authority as a level of relationship similar to a relative, partner, husband or wife.

8. Outside Commitments

- 8.1 Some employees have conditions of service which require them to obtain written consent to take any outside employment. All employees should be clear about their contractual obligations and should not take outside employment which conflicts with the Authority's interests.

8.2 Employees should follow their Authority's rules on the ownership of intellectual property or copyright during their employment.

NB Intellectual property covers ideas, patents, and inventions. Anything done in the employer's time is the property of the employer.

9. Personal Interests

9.1 Employees must declare to an appropriate manager any non-financial interests that they consider could bring about conflict with the Authority's interests.

9.2 Employees must declare to an appropriate manager any financial interests which could conflict with the Authority's interests.

9.3 Employees should declare to an appropriate manager membership of an organisation not open to the public without formal membership and commitment of allegiance and which has secrecy about roles or membership or conduct.

NB This applies where employees have to deal with an organisation to which they directly belong and it will depend upon the nature of their Membership of that organisation. The need to declare will therefore be in instances where employees' duties require them to deal with matters concerning outside organisations and they are directly involved with the organisation. Employees declaring membership of any organisation which is not open is discretionary.

10. Equality Issues

10.1 All local government employees should ensure that policies relating to equality issues as agreed by the authority are complied with in addition to the requirements of the law. All Members of the local community, customers and other employees have a right to be treatment with fairness and equality.

11. Separation of Roles During Tendering

11.1 Employees involved in the tendering process and dealing with contractors should be clear on the separation of client and contractor roles within the Authority. Senior employees who have both a client and contractor responsibility must be aware of the need for accountability and openness.

11.2 Employees in contractor or client units must exercise fairness and impartiality when dealing with all customers, suppliers, other contracts for sub-contractors.

- 11.3 Employees who are privy to confidential information on tenders or costs for either internal or external contractors should not disclose that information to any unauthorised party or organisation.
- 11.4 Employees contemplating a management buyout should, as soon as they have formed a definite intent, inform the appropriate manager and withdraw from the contract awarding processes.
- 11.5 Employees should ensure that no special favour is shown to current or recent former employees or their partners, close relatives or associates in awarding contracts to businesses run by them or employing them in a senior or relevant managerial capacity.

12. Corruption

- 12.1 Employees must be aware that it is a serious criminal offence for them corruptly to receive or give any gift, loan, fee, reward or advantage for doing, or not doing, anything or showing favour, or disfavour, to any person in their official capacity. If an allegation is made it is for the employee to demonstrate that any such rewards have not been corruptly obtained.

13. Use of Financial Resources

- 13.1 Employees must ensure that they use public funds entrusted to them in a responsible and lawful manner. They should strive to ensure value for money to the local community and to avoid legal challenge to the Authority.

14. Hospitality

- 14.1 Employees should only accept offers of hospitality if there is a genuine need to impart information or represent the Local Authority in the community. Offers to attend purely social or sporting functions should be accepted only when these are part of the life of the community or where the Authority should be seen to be represented. They should be properly authorised and recorded.
- 14.2 When hospitality has to be declined those making the offer should be courteously but firmly informed of the procedures and standards operating within the Authority.
- 14.3 Employees should not accept significant personal gifts from contractors and outside suppliers, although the Authority may wish to allow employees to keep insignificant items of token value such as pens, diaries, etc.
- 14.4 When receiving authorised hospitality employees should be particularly sensitive as to its timing in relation to decisions which the Authority may be taking affecting those providing the hospitality.

14.5 Acceptance by employees of hospitality through attendance at relevant conferences and courses is acceptable where it is clear the hospitality is corporate rather than personal, where the Authority gives consent in advance and where the Authority is satisfied that any purchasing decisions are not compromised. Where visits to inspect equipment, etc. are required, employees should ensure that Authorities meet the cost of such visits to avoid jeopardising the integrity of subsequent purchasing decisions.

15. Sponsorship - Giving and Receiving

15.1 Where an outside organisation wishes to sponsor or is seeking to sponsor a local government activity, whether by invitation, tender, negotiation or voluntarily, the basic conventions concerning acceptance of gifts or hospitality apply. Particular care must be taken when dealing with contracts or potential contractors.

15.2 Where the Authority wishes to sponsor an event or service neither an employee nor any partner, spouse or relative must benefit from such sponsorship in a direct way without there being full disclosure to an appropriate manager of such an interest. Similarly, where the Authority through sponsorship, grant aid, financial or other means, gives support in the community, employees should ensure that impartial advice is given and that there is no conflict of interest involved.

SUPPLEMENT

The Council accepts that it is legitimate for officers to hold political views and to engage in political activity within the confines of the law. It also requires that officers undertake their duties and give advice in a politically neutral way. Where an officer engages in political activity, including being a Councillor, then the officer should declare, to the appropriate line manager, whenever such political activity may impinge on, or overlap with, the officer's responsibilities as an employee of the Council. This should apply whether or not the officer, as a Councillor, has declared a non-pecuniary interest under the National Code of Conduct with that Council (which will normally be the case). The Department Chief Officer will decide whether or not such declaration should be openly reported to the relevant Committee, having regard to the principles of open government endorsed in this Code. This will normally occur where the overlap is clear. This rule also applies to the Officer's spouse or other person with whom the Officer has a close personal relationship which would ordinarily be disclosed under paragraph 4 of the Code.

MEMBER-OFFICER PROTOCOL

Contents

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2. Officers' and Members' Roles
3. Officer Advice to Political Groups
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7. Members' Rights to Information
8. Appointment and Discipline of Staff
9. Access to Council Premises
10. Support to members in their Scrutiny and Ward Roles
11. Breaches of the Protocol

1. Introduction

In summary Members of the Council are responsible for representing the community, making policy, and higher-level decisions. Officers are responsible for implementing policy and managing the organisation. This protocol covers how both should behave in their working relationship.

2. Officers' and members' roles

- 2.1 Officers are expected to support all members regardless of Political control, Group or affiliation.
- 2.2 Members have a complex role and are required to act simultaneously in three capacities: -
 - 2.2.1 As **Politicians** - in this capacity Members will normally belong to a Political Group represented on the Authority and will express political values and support the policies of the group to which they belong.
 - 2.2.2 As **Representatives** - in this capacity Members interpret and express the wishes of the electorate and seek to account for service priorities, allocation of resources and ultimate performance.
 - 2.2.3 As **Council/Committee Members** - in this capacity Members have personal, individual, and collective responsibility for the Authority's organisation and its activities. Members will therefore concern themselves with the performance, development, continuity and overall well-being of the organisation.
- 2.3 Officers have, in broad terms, the following main roles:
 - 2.3.1 To be the **managers** of the services for which the Council has given them responsibility. They are accountable for the efficiency and effectiveness of

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those services and for proper professional practice in discharging their responsibilities.

- 2.3.2 To be the **professional advisors** to the Council, its political structures and Members in respect of their service and, as such, their professionalism should be respected.
- 2.3.3 To **initiate policy** proposals as well as being implementers of agreed policy.
- 2.3.4 To **ensure** that the Council always acts in a lawful manner and in accordance with its Constitution and the need to secure value for money for the taxpayer.
- 2.4 Officers may refer any issue raised with them by Members to their Director or line manager. Members must never ask Officers to breach Council policy or procedures, but are entitled to reject proposals or recommendations made to them by Officers.
- 2.5 Officers can only advise Members on issues and business relating to the Council, its services and functions or its partnership working.
- 2.6 In general, Members can expect Officers to:
- Maintain due confidentiality;
 - Perform their duties effectively and efficiently;
 - Behave in a professional manner;
 - Be helpful, impartial and respectful to Members.
- 2.7 In general, Officers can expect Members to:
- Treat them with respect;
 - Avoid personal attacks on individual Officers and
 - Maintain due confidentiality

3. Officer advice to political groups

- 3.1 Political Groups may request an officer to attend or be represented at a Group meeting. Such requests should be made via the relevant director. Officers who attend and make information available to a Political Group need to be clear from the start as to the confidentiality of any information being provided to the Group. Subject to any legal requirement to disclose information, the general rules to observe about confidentiality in these circumstances are:
- 3.1.1 where Officers **initiate** a report for information or discussion for a Group meeting then such a report may also be made available to another Political Group on request.

- 3.1.2 where a Political Group **commissions** a report, advice or information from Officers, the report, advice or information and any views of the Group on it shall not be provided by Officers to another Political Group without the consent of the commissioning Group
- 3.1.3 where any Political Group requests sensitive information about Council services or issues, Officers may need to consult the Chief Executive Officer and relevant Director on managing such information. Any outcome shall be determined in accordance with section 7 of this Protocol.
- 3.2 Discussions between Officers and Members on policy issues are quite proper. Officers will often wish to seek political guidance in framing policy proposals but, when Officers write formal reports for Member decision, they have a duty to give the advice dictated by their professional expertise. Members should not, therefore, direct the content of formal reports by Officers to the Executive, Scrutiny or other Committees, Sub-Committees and Panels or full Council. Political Groups have no right to rewrite Officer reports. Officers must be able to report as they see fit, although Members are equally entitled to reject proposals and recommendations which are put to them.
- 3.3 Political Group meetings are not empowered to make decisions on behalf of the Council. Conclusions reached at such meetings do not therefore rank as Council decisions and Officers cannot therefore be required to interpret or act on them as such.
- 3.4 Similarly, where Officers provide advice to a Political Group meeting this cannot act as a substitute for providing all necessary information to the relevant decision-maker when the matter in question is considered.
- 3.5 Officers may choose to attend ward party political meetings as a local resident. No official status can be given to or associated with any comments or statements made by the Officer in this capacity. The regulations on political restrictions of Officers under the Local Government & Housing Act 1989 will apply in some cases.
- 3.6 These principles shall apply, with any necessary modifications, to Officer advice given to Political Group Leaders and individual Members where the Member makes it clear that he/she is acting in a political capacity.

4. Relations between members and officers

- 4.1 Mutual respect between Members and Officers is essential to good local government. Close personal familiarity between individual Members and Officers can damage this relationship and prove embarrassing to others.
- 4.2 It is not enough to avoid actual impropriety. Members should at all times avoid any occasion for suspicion and any appearance of improper conduct.

Members must declare to the Chief Executive any relationship with an Officer which might be seen as influencing their work as a Member or vice versa. This includes any family, business or close personal relationships. It is not possible to define exactly the range of relationships that would be considered as close or personal. Examples, however, would include a family or sexual relationship and regular social mixing such as holidays or evening meals together.

- 4.3 Executive Members should not hold a Portfolio which covers a department for which an Officer graded JM1 or above does significant work if they are related to or the partner of that Officer. A role in policy-making, strategic or operational management or resource allocation would be considered as significant work.
- 4.4 Officers serve the Authority through its political structures. They work to the instructions of their Director or Head of Service – not individual Members of the Council, whatever office the Member might hold. It follows therefore that Officers must not be asked to exceed the bounds of authority they have been given by their manager nor should they have unreasonable demands placed on them in terms of support to an individual Member (or Members).
- 4.5 Directors and Assistant Directors are expected to work closely with the Leader, Executive Members and chairmen within the political structure and to meet regularly with them. Decisions may be delegated to an Officer. Apart from decisions delegated by the Leader or the Executive to Executive Members, decisions may not be delegated to a Councillor acting on his or her own.
- 4.6 Officers may initiate reports on any matter relevant to the Council's functions. Reports must give all relevant information and options available to the decision maker. A Member should not seek to influence an Officer to reduce the options or withhold information which he/she should properly report to the Council, Executive, or a Committee.
- 4.7 Minutes of any Council meeting shall be recorded by the Proper Officer as a professional independent record of the meeting. Members may be consulted but shall not put improper pressure on Officers to amend the minutes. Minutes may only be amended at the next meeting and only on a matter of accuracy.
- 4.8 Members and Officers must follow the Council's Equality Policy in all their dealings with each other.

5. Complaints or concerns about officers or services

- 5.1 Members have the right to criticise reports or the actions or professional views taken by Officers on any issue but they should:

- not make personal attacks on, harassment or abuse of Officers;
- take up an individual concern about an Officer in private where possible;
- not launch personal criticism of an individual Officer in a public meeting (but may disagree with an officer's judgement or interpretation)

5.2 Members must avoid undermining respect for Officers at meetings, or in any public forum. This would be damaging both to effective work relationships and to the public image of the Authority. Discussions and correspondence between Members and Officers should at all times be well mannered and professional.

5.3 Issues or complaints about Officers or the Authority's services should be made to the relevant Director or Head of Service and never directed to employees in clerical, administrative or junior management grades. It is equally important for Members and Officers to work together positively and with mutual respect and due regard to the Council's equal opportunities policy.

6. Information technology and use of corporate e-mail

6.1 Members and Officers must comply with the Council's standards as applicable for the use of Information technology facilities provided by the Council. The facilities provided may be withdrawn in the event of misuse of personal computers. A copy of the Council's Acceptable Use Policy is available on request.

7. Members' right to information

7.1 Council Members have all of the rights available to members of the public to inspect reports, minutes and background papers appearing on the public part of any of the Authority's agendas.

7.2 Within the provisions of the Access to Information Rules, detailed background papers not available to the public will be made available to a Member who sits on the relevant Committee which considered the report on request.

7.3 Members have additional rights in law which extend further than public rights under the Freedom of Information Act. Members are legally entitled to information that they need in order to carry out their work as a Councillor. But they are not entitled to Confidential or Exempt Information such as information which relates to a particular person or a commercially sensitive matter which is not directly relevant to their role as Councillor.

7.4 A Member should not request confidential information in order to use it for a purpose not legitimate for his/her role as a Member, because he/she is in a

position of trust. A Member's motive for requesting confidential information is, therefore relevant, and he/she should be prepared to disclose the reason for his/her request.

- 7.5 If, for example, a Member is pursuing an issue on behalf of a constituent, this would be a legitimate reason and should be made known to the Officers from whom he/she is seeking the information. A Member must not abuse this trust by disclosing Confidential or Exempt Information obtained in their capacity as a Member (i.e. not expressly obtained under the Freedom of Information Act) to the public. This is particularly relevant to information which is commercially sensitive, related to a tendering process or personal information relating to staff or members of the public.
- 7.6 In addition to Committee reports and background papers a Member is entitled to see any papers the Authority has which properly relate to the work of a committee that he/she is on. However, if the papers contain Exempt or Confidential information, a Member will need to demonstrate "a need to know" and give reasons why he/she needs to see the papers in order to perform properly his/her duties as a Councillor and this need must not be outweighed by any public interest requiring non-disclosure. A Member must not ask for information on a matter on which he/she would have to declare a personal or prejudicial interest relevant to the specific document or information sought.
- 7.7 If a Member is refused access to documents that he/she feels he/she has the right to see, the dispute will be determined by the Chief Executive with advice from the Assistant Director Legal and Governance. The member may appeal against the decision to the Standards Sub-Committee.

8. Appointment and discipline of staff

- 8.1 If a Member is called upon to take part in appointing an Officer, the only question he/she should consider is which candidate would best serve the whole Authority. A Member should not (unless appointing assistants to Political Groups) let his/her political or personal preferences influence his/her judgement.

All appointment panels must use objective criteria, therefore Members must not seek to influence any appointment made by Officers or any appointment made by a Member panel to which they do not belong.

- 8.2 When participating in disciplinary appeals, a Member must declare to the Chief Executive any kinship or friendship with the Officer or common membership of an association (or society, local trade union branch or political party), trusteeship or other kind of relationship. Once this interest has been declared the Chief Executive will determine its relevance and whether the Member should not participate in the appeals process. The member may appeal against the decision to the Standards Sub-Committee.

9. Access to council premises

- 9.1 Members have a right of access to Council land and premises to fulfil their duties. Members may visit any premises normally open to the public or premises made available to members use without notice or special formalities. Members should make arrangements in advance with the appropriate manager if they require additional staff time or support.
- 9.2 When making visits to premises not normally open to the public, and to which members do not normally have access, a Member should:
- notify and make advance arrangements with the appropriate manager or officer in charge;
 - comply with health and safety, security and other workplace rules;
 - be careful not to interfere with the services or activities being provided at the time of the visit, particularly establishments serving children or vulnerable people

10. Support for members in their ward and scrutiny roles

- 10.1 Officers will keep Members informed and provide information and advice reasonably required by Members in their ward representative role. Members should not however make demands which require unreasonable use of resources.
- 10.2 Officers will provide support for Members acting in a Scrutiny role. Such support shall be subject to the availability of resources but priority will be given to support for scrutiny work which is in an agreed Scrutiny Panel workplan.

11. Breaches of the protocol

- 11.1 This Protocol has been approved by the Council following consultation with all Political Groups. Each Member is expected to be governed by it. A breach of the Protocol by a Member shall be referred to the Chief Executive. If he/she considers the breach to be serious, the relevant Political Group will be asked to take appropriate action. In the event of a disagreement, any matter under this protocol relating to a Member may be referred to the Standards Sub-Committee for final determination.
- 11.2 The Protocol may also be taken into consideration in determining whether a Member has breached the Code of Conduct for Members.
- 11.3 A serious breach of this Protocol by an Officer may result in action under the Council's disciplinary procedures.

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PART 6

MEMBERS' ALLOWANCES SCHEME

1. Introduction

- 1.1 This Scheme for Members' Allowances (referred to in this document as "the Scheme") is made under the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003.
- 1.2 The Scheme forms part of the Council's Constitution. As such, the Scheme is approved by the full Council and may only be amended by the full Council.
- 1.3 The Scheme contains general clauses describing the overall arrangements for members' allowances together with detailed appendices which show the actual entitlements as agreed by the Council each year.
- 1.4 In accordance with the provisions of the above Regulations, the Scheme, including its detailed Schedules, is made by the Council having first considered recommendations from an independent remuneration panel.

2. Interpretation

- 2.1 The term "councillor" in this Scheme means an elected councillor of North Somerset Council and (exceptionally and where shown in the text) the Chair of the Standards Sub-Committee who, by law, must be an independent person and not a councillor.
- 2.2 Use of the term "the Regulations" within this Scheme is a reference to the Local Authorities (Members' Allowances) (England) Regulations 2003.

Where there is an issue over the interpretation of the Scheme, the view of the Director of Corporate Services shall be final.

3. The Basic Allowance

- 3.1 The Regulations provide that a Basic Allowance is payable to each member of the Council. The amount of the Basic Allowance must be the same for each member of the Council.
- 3.2 The Council has determined that a Basic Allowance shall recognise the following activities and expectations of councillors
 - 3.2.1 time and effort in conducting the local representation role, including meetings with constituents;

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- 3.2.2 use of home as an office;
 - 3.2.3 travel within the electoral ward;
 - 3.2.4 recompense in part for the direct impact of the councillor role on the family;
 - 3.2.5 serving on such outside bodies to which the member may be appointed;
 - 3.2.6 serving as a member of the full council and reasonable attendance at council meetings;
 - 3.2.7 membership of a reasonable number of formal and less formal committees, working parties etc. and a reasonable level of attendance at such meetings;
 - 3.2.8 performing a chairing role at such meetings where the time and effort involved does not equate to a chairing role for which a special responsibility allowance is justified;
 - 3.2.9 making a contribution towards the effective governance, administration and performance of the Council as a whole;
 - 3.2.10 attendance at reasonable training and personal development events; and
 - 3.2.11 the direct purchase, for all councillor roles, of certain basic stationery and IT and other office equipment of choice
- 3.3 One twelfth of the annual value of the Basic Allowance is paid monthly in arrears.
- 3.4 The level of Basic Allowance for the current Council Year is shown in Schedule 1 of this Scheme.

4. Special Responsibility Allowances

- 4.1 The Regulations provide that there may be Special Responsibility Allowances paid to some councillors for significant additional duties over and above those listed above and covered by the Basic Allowance. Such allowances may (exceptionally) be paid to independent members.
- 4.2 One twelfth of the annual value of Special Responsibility Allowances is paid monthly in arrears to relevant councillors and independent members.
- 4.3 No councillor or independent member shall receive more than 2 x Special Responsibility Allowances.
- 4.4 The Council may make arrangements through an appropriate body/person to monitor activities of those councillors and others in receipt of Special Responsibility Allowances, to ensure that
 - 4.4.1 value for money is being achieved and
 - 4.4.2 there is capacity to deliver the responsibilities of the positions held.
- 4.5 The positions for which the Scheme provides a Special Responsibility Allowance, and the current values are shown in Schedule 2 of this Scheme.

5. Renunciation of Entitlement

- 5.1 A councillor or independent member may, by giving notice in writing to the Director of Corporate Services elect to forego any part of his or her entitlement to an allowance under this Scheme.

6. Member of Another Authority

- 6.1 Where a councillor is also a member of another local authority, that councillor may not receive allowances from more than one authority in respect of the performance of the same duties.

7. Part Year Entitlements

- 7.1 This part of the Scheme regulates the entitlement of a councillor to Basic and Special Responsibility Allowances where, in the course of a Council Year

7.1.1 this Scheme is amended; or

7.1.2 that councillor becomes or ceases to be a councillor; or

7.1.3 that councillor accepts or relinquishes a special responsibility in respect of which a Special Responsibility Allowance is payable.

- 7.2 If this Scheme is amended by the Council in a way which affects the payment of Basic or Special Responsibility Allowances, the change represented by the amendment shall take effect on the date on which the amendment was approved by the Council, or such other date as the Council resolution shall specify.

7.3 Such changes shall apply for the period beginning with the day the amendment takes effect and ending with the day before that on which the Council Year ends, unless there is a further amendment to the Scheme.

7.4 In respect of the Basic Allowance, where the term of office of a councillor begins or ends otherwise than at the beginning or end of a Council Year, the entitlement shall be to payment of such part of the Basic Allowance as bears to the whole the same proportion as the number of days during which the term of office as a councillor subsists bears to the number of days in that year.

7.5 Where a councillor has during part of, but not throughout, a year such special responsibilities as entitle him or her to a Special Responsibility Allowance, that councillor's entitlement shall be to a payment of such part of that Allowance as bears to the whole the same proportion as the number of days during which he or she has such special responsibilities bears to the number of days in that year.

8. Suspension of a Member

- 8.1 Where a councillor is suspended or partially suspended from their duties in accordance with Part III of the Local Government Act 2000 or regulations made under that Part, or Part 10 of the Local Government Public Involvement in Health Act, 2007, any allowance payable to that councillor under this Scheme in respect of the responsibilities or duties from which they are suspended or partially suspended may be withheld by the Council.

9. Third Party Payments

- 9.1 A councillor or independent member who wishes for all or part of an allowance to which they are entitled to be donated instead to a third party, shall make his or her own arrangements for this. Officers of the Council shall not be involved in administering such arrangements.

10. Travel and Subsistence Allowances

- 10.1 Travel and subsistence rules and allowances for councillors and independent/co-opted members shall be the same as those relevant rules and allowances negotiated for officers of the Council.
- 10.2 The current Travel and Subsistence Rules and Allowances for Officers are shown as Schedule 3 of this Scheme.
- 10.3 Reference in Schedule 3 to “the Director” in the context of approving additional or exceptional expenditure shall, for councillors’ claims, refer to the Assistant Director Legal and Governance or his/her nominated representative.
- 10.4 For the purpose of making mileage claims, councillors are
- 10.4.1 assumed to have two places of work – their home and the Council Headquarters at the Town Hall, Weston super Mare;
- 10.4.2 permitted to claim for “allowable journeys” only – a list/definition of “allowable journeys” and relevant approved duties is shown as Schedule 4 to this Scheme.

11. Dependent Carers’ Allowance

- 11.1 Councillors and independent members may claim for the reimbursement of actual expenditure incurred on child and dependent adult care.

- 11.2 The allowance will not be paid to a member of the claimant's own household, except where that person would otherwise be in existing paid employment during the hours of caring.
- 11.3 The allowance will not be paid to a councillor who is already in receipt of an allowance or other assistance from any other source for the same purpose on the occasion for which the allowance is being claimed.

12. Payment of Allowances

- 12.1 The responsibility for the accuracy, integrity and correctness of the claim rests with the claimant. Where in the opinion of the Assistant Director Legal and Governance a claim cannot for some reason be met within the rules of this Scheme, the claim will not be paid and the claimant will be informed in writing of the reason.
- 12.2 Travel and subsistence and dependent carers' allowances are to be claimed promptly and must not be allowed to accumulate before claim. Councillors are to submit such claims monthly, within the normal accountancy deadlines announced by the Director of Corporate Services.
- 12.3 Backdated claims for a period longer than two months may be accepted at the discretion of the Director of Corporate Services.
- 12.4 Claims made after 31st March in respect of expenditure within the financial year ending on that date, shall be accepted only up to the deadline announced by the Director of Corporate Services, which will normally be 30th April. The Director shall have discretion to deal with exceptional circumstances.
- 12.5 It is the responsibility of the councillor or independent member to notify the Council of any material change in the information held by the Council and relevant to the processing of claims (e.g. change of address or vehicle details).

13. Co-opted Members

- 13.1 Co-opted Members are not entitled to Basic Allowance or Special Responsibility Allowance but may claim travel and subsistence allowances in relation to approved duties at the same rate as councillors.
- 13.2 A Financial Loss Allowance may be paid to Co-opted Members for loss of earnings and expenses incurred by them in the performance of any approved duty. Claims for loss of earnings are to be supported by a certificate supplied by the employer or such other evidence as to enable the loss of earnings to be determined.

14. Local Government Pension Scheme

- 14.1 Councillors are not eligible to join the Local Government Pension Scheme.

15. Tax and National Insurance

- 15.1 The Basic Allowance, Special Responsibility Allowances and the Dependent Carers' Allowance are taxable and are subject to National Insurance.

16. Update of Allowances and Review of the Scheme

- 16.1 The Basic Allowance and Special Responsibility Allowances will be uplifted annually by an amount equivalent to the negotiated APT&C salary award for Officers.
- 16.2 The Independent Remuneration Panel that is required to be established under the Regulations, will undertake a fundamental review of the Scheme every four years and may report annually to the Council if the need arises.
- 16.3 The Panel will also undertake a review within that four-year period when requested to do so by the Council, usually following a planned change of circumstances that would require an amendment to the Scheme.
- 16.4 This Scheme may be amended at any time by the Council but may only be revoked with effect from the beginning of a year.
- 16.5 Before the Council makes a new Scheme or amends this Scheme it shall have regard to the recommendations made in relation to it by its Independent Remuneration Panel.

SCHEDULE 1 - BASIC ALLOWANCE

The Basic Allowance for the Council Year 2019/20 shall be £8,887.

SCHEDULE 2 – SPECIAL RESPONSIBILITY ALLOWANCES

Leader of the Council	£28,041
Deputy Leader of the Council (70% of Leader's SRA)	£19,628
Executive Members (60% of Leader's SRA)	£16,824
Assistant Executive Members (25% of Leader's SRA)	£7,010
Chairman of the Council (30% of Leader's SRA)	£8,412
Chairs – Policy and Scrutiny Panels (25% of Leader's SRA)	£7,010
Chair – Planning and Regulatory (25% of Leader's SRA)	£7,010
Chair of Audit Committee (15% of Leader's SRA)	£4,206
Chair – Licensing and Employment	No allowance
Vice Chairs of Committees and Vice Chair of the Council	No allowance
Leader of Other Groups (5% of Leader's SRA + 1% per group member)	

SCHEDULE 3 – TRAVEL AND SUBSISTENCE RULES AND ALLOWANCES

Car User Allowance for all employees

All Fuel types and Engine Sizes

Mileage rates:	
-up to 10,000 miles	45.0p
-over 10,000	25.0p

Subsistence

Subsistence cannot be claimed for visits to other North Somerset establishments during normal working hours including schools. All claims should be submitted on a regular monthly basis in the month following when the expenses were incurred. Claims not received by the advertised deadline date will be paid the following period. Amounts that can be claimed will be found on the Councils intranet.

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Claims for meals and overnight accommodation should not normally apply when staying on a residential course or residential conference. **ALL CLAIMS MUST BE ACCOMPANIED BY A RECEIPT.** Claims for lunch cannot be made where lunch is part of a training course, seminar, site visit etc.

Breakfast (either as part of an overnight stay or leaving home before 7.00 am) -up to £4.48

Lunch -up to £6.17

Tea (must include the period between 6:30pm and 8:30pm) -up to £2.43

Evening meal (return or work beyond 8pm) -up to £7.64

Any claims which exceed the above limits will be capped. In exceptional circumstances subject to prior approval being obtained and subsequent production of receipts unless discretion is exercised, a Director may approve additional expenses.

SCHEDULE 4 – “APPROVED DUTIES” AND “ALLOWABLE JOURNEYS” FOR CLAIM PURPOSES

17. Part A

The following is a list of approved duties within the terms of the Regulations and approved by the Council for which travel and subsistence and dependent carer claims may be made.

17.1 Attendance at:

17.1.1 a meeting of (a) the authority; (b) the executive or any committee or sub-committee of the executive or (c) any committee or sub-committee of the authority

**** Note:** in this particular context, the term “attendance” is to mean attendance

17.1.2 as a member of the body concerned;

17.1.3 in exercise of a member’s constituency responsibilities as ward councillor

17.1.4 in an observer capacity pursuant to any legitimate role as a councillor, including the exercise of a special responsibility granted to the member by the Council

17.1.5 in order to exercise a statutory or constitutional power, right or duty.

- 17.2 a meeting of any body to which the authority makes appointments or nominations (or of any committee or sub-committee of such body) but only as, or on behalf of, the appointed or nominated person;
- 17.3 any other meeting the holding of which is authorised by the authority, or by a committee or sub-committee of the authority, or a Joint Committee of the authority and one or more other authorities or a sub-committee of such a Joint Committee, provided that
 - 17.3.1 where the authority is divided into two or more political groups it's a meeting to which members of at least two political groups have been invited or
 - 17.3.2 if the authority is not so divided it is a meeting to which at least two members of the authority have been invited;
- 17.4 any meeting of an association of authorities of which the authority is a member but only as the authority's appointed representative;
- 17.5 a meeting or event at the invitation of an Executive Member or an Officer
- 17.6 a meeting instigated by the councillor, where that councillor is an executive member and the meeting is in pursuance of a matter relevant to the councillor's executive portfolio or to the effective working of the executive function
- 17.7 a pre-agenda briefing, if acting in the capacity of chair or vice chair of the meeting
- 17.8 any training or personal development event authorised under the agreed members' training programme
- 17.9 the Council offices for the purpose of conducting any legitimate councillor role as identified in paragraph 9 above
- 17.10 a parish or town council meeting within a councillor's ward for the sole purpose of representing the Council
- 17.11 any event related to an overview and scrutiny review carried out by a panel of which the councillor is a member or when the councillor is invited to attend in pursuance of a special responsibility role carried by the councillor

PART B

- 17.12 An "allowable journey" shall comprise the following:

- 17.12.1 travel from the councillor's home address (as notified to the Council) to the location of any of the meetings/events referred to in Part A above and the return journey;
- 17.12.2 travel from the Town Hall, Weston-super-Mare to the location of any of the meetings/events referred to in Part A above and the return journey;
- 17.12.3 travel between the councillors notified home address and the Town Hall and the return journey for the purpose of (a) performing the functions of a councillor or (b) conducting the business of the Council (this on the basis that a councillor's place of work is deemed to be both the Town Hall, Weston-super-Mare and their notified home address).

North Somerset Council

Report to the Audit Committee

Date of Meeting: 20 September 2021

Subject of Report: Business Planning Framework - risk management

Town or Parish: ALL

Officer/Member Presenting: Emma Diakou, Head of Business Insight, Policy and Partnerships

Key Decision: NO

Reason: Information item

Recommendations

That the Audit Committee note the content of this report and the accompanying document in appendix 1 outlining the development of the 2021/22 risk registers.

1. Summary of Report

The North Somerset Council Business Planning Framework is designed to monitor progress and risks aligned to our [Corporate Plan](#) priorities and against our vision for an *open, fairer, greener North Somerset*.

We do this on an annual basis by developing, implementing and monitoring Annual Directorate Statements (ADS'). These are the business plans for each council directorate and give the key strategic commitments and key risks for the year ahead.

The document in appendix 1 accompanying this covering report gives an overview of the process that has been undertaken in quarter one of this financial year to develop directorate level and strategic level risk registers that sit alongside the Annual Directorate Statements.

2. Policy

The Corporate Plan is the council's overarching strategic document. It is the only plan which covers the full range of the council's responsibilities and is an important tool to help focus our effort and resources on the right things. This is even more important in the context of constrained budgets and rapid change. By prioritising a clear set of commitments, the Corporate Plan also helps residents to hold the council to account for its performance and challenge it to improve.

The risk registers detail the risks faced by North Somerset Council in relation to achieving our aims and priorities as defined in the Corporate Plan. The risk registers also note mitigating actions being taken where possible to control those risks.

3. Details

The North Somerset Council business planning cycle starts in late January with a review of the Corporate Plan followed by an analysis of the emerging Transformation Programmes both directorate-led and cross cutting, any strategy development, and any MTFP savings identified for the year ahead.

Priorities are then combined to create each directorate's Annual Directorate Statement (business plan). Each ADS give the directorate's key strategic commitments for the year ahead and an associated risk register. The commitments show how each directorate will contribute to the aims and objectives in the Corporate Plan. The risks outline any concerns in achievement to those commitments.

From the Annual Directorate Statements an Integrated Performance Management Framework (IPMF) is developed. The framework aligns Key Projects and Key Corporate Performance indicators to each commitment within the Annual Directorate Statements. These allow us to monitor progress and outcomes.

Commitments and risks are reviewed and revised where necessary at least quarterly through the Integrated Performance Management Framework.

4. Consultation

As part of the Business Planning Framework all tier three managers and above contribute to their Annual Directorate Statement and their risk register. These are then agreed by Directorate Leadership teams, Corporate Leadership team and with the relevant Executive members.

The views of residents, staff and other stakeholders all helped to shape the development of the Corporate Plan on which the Annual Directorate Statements are based.

5. Financial Implications

Any financial implications related to the risk registers are included as part of the quarterly Integrated Performance Management updates.

Costs

N/A

Funding

N/A

6. Legal Powers and Implications

N/A

7. Climate Change and Environmental Implications

All Annual Directorate Statements included the following commitment: *Implement the climate emergency strategy and action plan*. This and any associated risks are monitored quarterly.

8. Risk Management

This report considers risk management across the organisation aligned to the Corporate Plan, Annual Directorate Statements and Integrated Performance Management framework.

9. Equality Implications

The Performance Management Framework includes Key Projects and Key Corporate Performance Indicators. A number of these are equality objectives and reported to the Equalities Group.

Equality implications are also considered throughout the risk management process.

10. Corporate Implications

It is a requirement as part of the Business Planning Framework for all directorates to hold a risk register that is aligned to their business plan and considered at least quarterly by their Directorate Leaderships Team.

A strategic risk register is held by Corporate Leadership Team and reviewed at least quarterly both by Corporate Leadership Team and by Executive members.

11. Options Considered

Risk registers are a requirement of the Business Planning Framework.

Author:

Emma Diakou
Head of Business Insight, Policy and Partnerships
Business Insight, Policy and Partnerships Service

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Appendices:

Appendix 1: risk management overview

Background Papers:

- North Somerset Corporate Plan: https://www.n-somerset.gov.uk/sites/default/files/2020-03/Corporate Plan 2020-2024_0.pdf
- Adults directorate Annual Directorate Statement 2021/22
- Children's directorate Annual Directorate Statement 2021/22
- Corporate Services directorate Annual Directorate Statement 2021/22
- Place directorate Annual Directorate Statement 2021/22
- Public Health and Regulatory Services Annual Directorate Statement 2021/22

Risk management



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Background

- The North Somerset Council business planning cycle starts in late January with a review of the **Corporate Plan** followed by an analysis of the emerging Transformation Programmes both directorate-led and cross cutting, any strategy development, and any **MTFP savings** identified for the year ahead.
- Priorities are then combined to create each directorate's **Annual Directorate Statement** (business plan). Each ADS give the directorate's key strategic commitments for the year ahead and an associated **risk register**. The commitments show how each directorate will contribute to the aims and objectives in the Corporate Plan. Commitments are either organisational-wide with all directorates contributing to progress or are directorate specific. Risks show areas of both concern and opportunity.
- From the Annual Directorate Statements an Integrated Performance Management Framework (IPMF) is developed. The framework aligns Key Projects and Key Corporate Performance indicators to each commitment within the Annual Directorate Statement. These allow us to monitor progress and outcomes.

Risk management framework



Directorate risk registers

- Each directorate has a risk register that is reviewed at least quarterly.
- The risk registers include:
 - Theme
 - Risk
 - Corporate Leadership Team lead
 - Lead officer
 - Inherent likelihood
 - Inherent impact
 - Inherent risk
 - Mitigating actions
 - Residual likelihood
 - Residual impact
 - Residual risk
 - Direction of travel

Risk scoring matrix

- They are guided by the following risk scoring matrix:

		Impact →				
		Negligible	Minor	Moderate	Significant	Severe
Likelihood ↑	Very Likely	Low Med	Medium	Med Hi	High	High
	Likely	Low	Low Med	Medium	Med Hi	High
	Possible	Low	Low Med	Medium	Med Hi	Med Hi
	Unlikely	Low	Low Med	Low Med	Medium	Med Hi
	Very Unlikely	Low	Low	Low Med	Medium	Medium

Strategic risk register

- Following on from this, analysis has been undertaken on the directorate risk registers to create a **Strategic risk register**.
- The process has been to look at all risks that have scored MED/HIGH or HIGH and has escalated them for consideration by Corporate Leadership team.



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Agenda Item 8

North Somerset Council

REPORT TO THE AUDIT COMMITTEE

DATE OF MEETING: 20 SEPTEMBER 2021

SUBJECT OF REPORT: INTERNAL AUDIT UPDATE SEPTEMBER 2021

TOWN OR PARISH: NONE

OFFICER PRESENTING: PETER CANN - AUDIT WEST

KEY DECISION: NO

RECOMMENDATIONS

The Audit Committee is asked to:

- Note progress in delivery of the 2021/22 Annual Audit Assurance Plan.

1. SUMMARY OF REPORT

This report provides an update on progress in delivering the 2021/22 Annual Assurance Plan since the last formal report to the Audit Committee on 29th April 2021.

2. POLICY

The work of the Internal Audit Service is to provide independent assurance to the council's senior officers and members that governance, risk management and controls are sufficient in ensuring delivery of the council's objectives.

3. DETAILS

The summary position as at September 2021 is as follows:

- There have been no audit reports issued where it was considered that the overall systems of internal control provided 'No Assurance' or 'Limited Assurance'.
- Work on the plan is well underway and as at the 1st September, approximately 53% of audit activity was in progress or complete.
- There are currently two investigations which are ongoing, one of which is new since the last report to the Audit Committee.
- A total of 39 recommendations made during previous internal audit reviews were followed up.

1) **SIGNIFICANT ISSUES**

Assurance Levels and Significant Risks

- 1.1 Of the audits completed where an assurance rating has been given, there have been no internal audit reports issued so far this year where it was considered that the systems of internal control were poor (Level 1) or weak (Level 2).
- 1.2 There have also not been any significant control issues identified so far during our consultancy, advice and guidance work.

Investigations

- 1.3 Two investigations are currently underway, both of which relate to suspected COVID-19 grant payment frauds.

These have both been referred to the National Investigation Service (NATIS)/ National Anti-Fraud Network (NAFN). Whilst the larger of these two frauds is an open investigation with NATIS and the lower value is being considered for investigation, we have recently received confirmation that we can now pursue both of these payments locally. Therefore, Audit West will now be working with Liberata to attempt recovery of these funds.

Counter Fraud

- 1.4 A Counter Fraud update paper was presented to the Audit Committee in July 2021. This covered progress on the work being undertaken by the service in respect of:
 - Understanding the National Picture
 - Monitoring Emerging Risks
 - Participating in the National Fraud Initiative (NFI)
 - Fraud Reporting and Whistleblowing
 - Targeted Work and Investigations
 - Updating Strategy and Policy
 - Knowledge and Training
 - Use of Data Analytics

The new fraud/ whistleblowing reporting tool is now live on the North Somerset Council website and can be found at:

<https://www.n-somerset.gov.uk/form/fraud-referral-report>

2) COMPLETION OF AUDIT PLAN

2.1 There are currently 43 pieces of audit work within the plan. Of the total number of audits:

- 8 Audits had been completed or were at reporting stage
- 15 Audits were in progress
- 20 Audits were yet to commence

A breakdown of detailed activity is shown below.

There have been no major changes to the plan that was agreed on 23rd April 2021.

Audit Area	Status	Opinion	No of Rec's	High	Medium	Low
Data Analytics	In Progress					
National Fraud Initiative	In Progress					
Counter Fraud - Knowledge & Training	In Progress					
Governance - Annual Governance Statement	In Draft	N/A	N/A	-	-	-
Governance - Audit Committee, Advice & Guidance	Ongoing	N/A	N/A	-	-	-
Follow-up of Audit Recommendations	Ongoing					
WECA LGF - Weston Town Centre	Complete	N/A	N/A	-	-	-
WECA LGF - Foodworks	Complete	N/A	N/A	-	-	-
WECA LGF - Town Square	Complete	N/A	N/A	-	-	-
WECA LGF - Metrowest	Complete	N/A	N/A	-	-	-
Productivity Challenge Grant - UBS	Complete	N/A	N/A	-	-	-
Emergency Active Travel Fund	Complete	N/A	N/A	-	-	-
COVID-19 - Pre-payment Assurance	In Progress					
COVID-19 - Post-payment Assurance	In Progress					
COVID-19 - Governance (Contain Outbreak Management Fund)	In Progress					
Payroll	In Progress					
Transactional HR	In Progress					
Debt Monitoring	In Progress					
Council Tax Payments & Collection	Not Started					
Business Rates NNDR Income	Not Started					
Major Projects - Capital Recharges	In Progress					
ICT Server Migration	Not Started					
ICT Ransomware	In Progress					
ICT Software Asset Management	Not Started					
Information Governance - Handling of Post	Not Started					
Contract Management - Recommissioning Process	Not Started					
Contract Management - Post Procurement Training	Not Started					
New Waste Service - Governance Arrangements	Not Started					
Monitoring of Mandatory Training	Not Started					
Financial Assessments (Non-Residential)	Not Started					
Interfaces (Liquid Logic/ ContrOCC/ Agresso)	Not Started					
Housing Jigsaw System	Not Started					
Out of Authority Placements (SEND)	Complete	Reasonable Assurance	9	5	3	1
Payments to Childcare Providers	Not Started					
School Assurance Visits	Not Started					
SFVS	Not Started					
Alternative Provision (VLC)	In Progress					
Green Waste Charging and Income	Not Started					
Capital Projects and CILs	Not Started					
Climate Change - Corporate Planning	Not Started					
Metrowest and HIF	Not Started					
Home to School Transport	Ongoing					
Sea Front Concessions	Not Started					

3) IMPLEMENTATION OF RECOMMENDATIONS

3.1 A total of 39 recommendations made during previous audits were due to be followed up. Specifically, there were 11 High, 27 Medium and 1 low recommendations.

3.2 Whilst all of these recommendations have been followed up with the officer(s) responsible, we are still awaiting evidence on five audits to confirm actual implementation. These are shown below.

TABLE 1: Recommendations implemented or awaiting evidence to confirm implementation

Audit Name	Recommendations Raised				Recommendation Status	Planned Implementation Date
	High	Medium	Low	Total		
Test and Trace - Self Isolation Grant	0	5	0	5	Followed-up – Implemented	11/02/2021
Children’s Direct Payments	3	6	0	9	Followed-up – Awaiting evidence	30/04/2021
Building Compliance Responsibilities	3	10	0	13	Followed-up – Awaiting evidence	01/04/2021
Commercial Activity	4	3	0	7	Followed-up – Awaiting evidence	01/04/2021
ICT Disposal	0	6	0	6	Followed-up – Awaiting evidence	01/04/2021
Data Centre Change Control	1	2	1	4	Followed-up – Awaiting evidence	01/07/2021
	11	27	1	39		

TABLE 2: Recommendations to be implemented but are not yet due

Audit Name	Recommendations Raised				Recommendation Status	Planned Implementation Date
	High	Medium	Low	Total		
Customer Engagement Routes and Processes	1	5	1	7	Agreed by Management	31/03/2022
Out of Area Placements (Children)	5	3	1	9	Agreed by Management	31/12/2021
Totals	6	8	2	16		

4. CONSULTATION

In developing and delivering the Annual Audit Assurance Plan the Internal Audit Service has consulted widely with officers and members.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications from this report which is focussed on updates.

6. LEGAL POWERS AND IMPLICATIONS

There are no direct legal implications from this report which is focussed on updates.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

The council faces a wide variety of climate change and environmental impacts whilst delivering its many services to residents, some of which have a direct or indirect financial impact or consequence. There are referenced or noted, where appropriate, throughout the report.

8. RISK MANAGEMENT

Significant risks to the council arising from an ineffective Internal Audit Service include lack of internal control, failures of governance and weak risk management. Specific risks include supplementary External Audit Fees and undetected fraud. The Internal Audit Service assists the council in addressing its risk profile. Internal Audit helps by identifying risks, improvement areas and by institutionalising good practice.

9. EQUALITY IMPLICATIONS

Embedded within the audit process is consideration of compliance with statutory guidance and regulations which includes those relating to equality and diversity.

10. CORPORATE IMPLICATIONS

Failure to deliver the agreed Annual Assurance Plan may result in an inability to provide assurance to officers, members and the public of the soundness of the council's corporate governance.

11. OPTIONS CONSIDERED

None

AUTHORS

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Peter Cann – Head of Audit & Assurance

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BACKGROUND PAPERS

Annual Audit Assurance Plan 2021/22
Internal Audit Annual Report 2020/21

Audit Committee April 2021
Audit Committee April 2021

Appendix A – Internal Audit Opinions

Assurance Rating	Opinion
Comprehensive Assurance - Level 5	The systems of internal control are excellent with a number of strengths and comprehensive assurance can be provided over all the areas detailed in the Assurance Summary
Substantial Assurance – Level 4	The systems of internal control are good and substantial assurance can be provided. Only minor weaknesses have been identified over the areas detailed in the Assurance Summary
Reasonable Assurance – Level 3	The systems of internal control are satisfactory and reasonable assurance can be provided. However there is one area detailed in the Assurance Summary which requires improvement and specific recommendations are detailed in the Action Plan
Limited Assurance – Level 2	The systems of internal controls are weak and only limited assurance could be provided over a number of areas detailed in the Assurance Summary. Prompt action is necessary to improve the current situation and reduce the risk exposure
No Assurance – Level 1	The systems of internal controls are poor , no assurance can be given and there are fundamental weaknesses in the areas detailed in the Assurance Summary. Urgent action is necessary to reduce the high levels of risk exposure and the issues will be escalated to your Director and the Audit Committee

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Agenda Item 9

Date: 29 July 2021
Contact: Steve Ballard
Telephone: 01275 88 4037
Email: steve.ballard@n-somerset.gov.uk

Katie Whybray,
Audit Manager,
Grant Thornton UK LLP,
2nd Floor, 2, Glass Wharf,
Bristol
BS2 0EL

Corporate Finance
Corporate Services
North Somerset Council
Town Hall
Walliscote Grove Road
Weston-super-Mare
BS23 1UJ

Dear Katie,

Informing the risk assessment – Response from ‘Those charged with governance’

Following discussion with officers, please see the attached responses to inform your risk assessment.

Question:	Response from 'Those Charged with Governance'
1. How do you oversee management's process in relation to:	
Carrying out an assessment of the risk of the financial statements may be materially misstated due to fraud or error	<p>The Council is a non-profit making, public sector organisation, and officers are not paid performance related pay. There is therefore considered to be limited incentive for officers to fraudulently manipulate financial outcomes and the financial statements.</p> <p>Fraud and mis-appropriation can occur in a variety of ways within the administration of the council's financial affairs, from improper use of core systems and bank accounts, including:</p> <ul style="list-style-type: none">• accounts payable (e.g. paying fictitious suppliers, amending supplier bank details);• accounts receivable (suppressing debtor balances, generating credit notes and write-offs);• payroll (creating ghost employees, inflating payments to staff);• cash receipting, and• treasury management. <p>The risk of fraud and misappropriation is considered during all internal audit planning activity, and notably when completing the Internal Audit Annual Audit Plan and Counter Fraud Strategy, which are presented to the Audit Committee. The</p>

Committee also utilise part of their workshops sessions throughout the year to focus on risk management issues, and often bring in officers to provide greater level of detail or clarity. Fraud awareness training was provided to the Audit Committee in February 2020.

In addition, Internal Audit pro-actively reviews and investigates NFI data, issues anti-fraud updates and reminders via the internal news bulletins, and reviews and promotes the Council's Whistleblowing policy and Anti-fraud and corruption strategy (last reviewed in January 2020).

The Internal Audit Annual Audit Plan is developed to provide reasonable assurance that appropriate internal control arrangements are in place, and are operating effectively. This includes internal controls within general ledger and sub systems, such as access controls, segregation of duties, and the application of the scheme of delegation for approval of transactions, and over-arching controls such as reconciliations. No areas where there is a potential for override of controls, or inappropriate influence over the financial reporting process, have been identified.

As part of statutory requirements, the Head of Internal Audit is required to give an opinion on the internal control framework and systems to manage risk. This opinion for has been drafted for inclusion in the Annual Governance Statement in the accounts. In draft opinion identified no significant weaknesses or failures in relation to risks of material mis-statement in the financial statements due to fraud.

Internal Audit's conclusions support the Chief Executive and Leader of the Council in certifying the Annual Governance Statement.

The officers preparing the Council's financial statements are appropriately qualified and experienced, and undertake Continuous Professional Development and training on issues relating to accounts preparation. Officers liaise with external audit staff on a regular basis to discuss the accounting treatment of emerging accounting issues which may materially impact on the Council's accounts.

The Audit Committee also gains assurance that the Council's accounts are free from material mis-statement through the work undertaken and reported to them by external audit.

<p>Identifying and responding to the risk of breaches of internal control</p>	<p>As noted above.</p> <p>The Internal Audit Annual Audit Plan is developed to provide reasonable assurance that appropriate internal control arrangements are in place, and are operating effectively. This includes internal controls within general ledger and sub systems, such as access controls, segregation of duties, and the application of the scheme of delegation for approval of transactions, and over-arching controls such as reconciliations. No areas where there is a potential for override of controls, or inappropriate influence over the financial reporting process, have been identified.</p> <p>As part of statutory requirements, the Head of Internal Audit is required to give an opinion on the internal control framework and systems to manage risk. This opinion for has been drafted for inclusion in the Annual Governance Statement in the accounts. In draft opinion identified no significant weaknesses or failures in relation to risks of material mis-statement in the financial statements due to fraud.</p> <p>Internal Audit's conclusions support the Chief Executive and Leader of the Council in certifying the Annual Governance Statement</p>
<p>Identifying and responding to risks of fraud in the organisation (including any specific risks of fraud which management have identified of that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist)</p>	<p>As noted above.</p> <p>Fraud and mis-appropriation can occur in a variety of ways within the administration of the council's financial affairs, from improper use of core systems and bank accounts, including:</p> <ul style="list-style-type: none"> • accounts payable (e.g. paying fictitious suppliers, amending supplier bank details; • accounts receivable (suppressing debtor balances, generating credit notes and write-offs); • payroll (creating ghost employees, inflating payments to staff); • cash receipting, and • treasury management. <p>The risk of fraud and misappropriation is considered during all Internal Audit planning activity, and notably when completing the Internal Audit Annual Audit Plan and Counter Fraud Strategy, which are presented to the Audit Committee. The Committee also utilise part of their workshops sessions throughout the year to focus on risk management issues, and often bring in officers to provide greater level of detail or clarity. Fraud awareness training was provided to the Audit Committee in February 2020.</p>

	<p>In addition, Internal Audit pro-actively reviews and investigates NFI data, issues anti-fraud updates and reminders via the internal news bulletins, and reviews and promotes the Council's Whistleblowing policy and Anti-fraud and corruption strategy (last reviewed in January 2020).</p> <p>Fraud risk areas identified in 2020/21 are Covid related claims for financial assistance. Internal Audit has undertaken a programme of testing to provide assurance to the Council and central government in line with BEIS guidelines.</p> <p>Internal Audit Counter Fraud Updates, detailing progress in delivering their Anti-Fraud and Corruption Strategy, are presented to the Audit Committee during the year.</p>
<p>Communicating to employees views on appropriate business practice and ethical behaviour (for example by updating, communicating and monitoring against the codes of conduct)</p>	<p>Codes of Conduct for members and officers are included in the Council's Constitution, which is available on the Council's Intranet.</p> <p>The Codes of Conduct detail arrangements requiring members and officers to declared interests and gifts and hospitality.</p> <p>New employees are notified of what to do if they suspect a fraud in their induction booklet, and through Internal Audit's promotion the Council's Whistleblowing policy and programme of work under the Anti-fraud and corruption strategy. Fraud prevention training is a mandatory induction course to be completed by new employees via eLearning, and this is also accessible to Members.</p>
<p>2. Do you have any knowledge of any actual, suspected or alleged frauds? If so, please provide details.</p>	<p>A summary of all frauds reported to and investigated by Internal Audit is included in half-yearly updates made by the Head of Internal Audit to the Audit Committee. Only a small number of low value (few £'000) instances of actual, suspected or alleged fraud, errors or other irregularities have arisen since 1 April 2020.</p>
<p>3. How do you gain assurance that all relevant laws and regulations have been complied with?</p>	<p>The Council's arrangements for ensuring that all relevant laws and regulations have been complied with are set out in its Constitution.</p> <p>The council operates a Statutory Officers group which meets on a bi-monthly basis – this includes the S151 Officer, the Monitoring Officer (Asst. Director – Governance and Monitoring Officer – formerly the Head of Legal and Democratic Services) and the Chief Executive Officer as the Head of Paid Service. This group review and assess all</p>

	<p>significant and material issues which may result in compliance with relevant laws and regulations.</p> <p>The pro-forma used for all committee reports includes a requirement to identify Legal powers used and legal implications of decisions.</p> <p>The only material changes to the Council's regulatory environment which are likely to have a significant impact on the Council's financial statements are the changes in submission and certification deadlines, and requirements of the LG Code of accounting practice, made as a result of Covid-19.</p> <p>The Section 151 Officer and Head of Internal Audit develop an Annual Assurance Statement for the Audit Committee to place reliance on in relation to the integrity and completeness of the Council's financial systems and statements. This includes arrangements in relation to compliance with relevant laws and regulations.</p>
<p>4. Are you aware of any actual or potential litigation or claims that would affect the financial statements?</p>	<p>No material litigation or claims identified.</p>
<p>5. How will you satisfy yourself that it is appropriate to adopt the going concern basis in preparing the financial statements?</p>	<p>Discussions with officers have provided assurance that the going concern basis remains appropriate for preparing the financial statements for the Council.</p> <p>Officers review of the LG Code and Guidance notes, and CIPFA Bulletins 05 and 09, confirms that as authorities cannot be created or dissolved without statutory prescription, it would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis. Paragraph 3.4.2.23 of the Code therefore confirms as a matter of fact that local authority accounts must be prepared on a going concern basis.</p> <p>No statutory or policy changes with implications on the Council's assessment of the going concern basis for preparing the financial statements have been identified. For example, there has not been a public announcement that the Council is to be wound up, and the Council has not been subject to an external assessment (by, for example the NAO or LGA) that has identified that the Council is unsustainable.</p>

	<p>The Council is continuing to quantify the impact of COVID 19 on the Council's finances and service provision going forward. Adverse impacts, such as loss of income and increased service expenditure which is not matched by central government funding, are forecast to adversely impact on the Council's financial standing into the medium term. The Council has set a balanced budget for 2021-22, but forecasts the need to find significant savings in the following years.</p>
--	---

Signed:

Councillor John Cato

Insert Cllr Cato's signature

Chair of the Audit Committee

Dated:

29 July 2021

This letter can be made available in large print, audio, easy read and other formats.

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North Somerset Council

Report to the Audit Committee

Date of Meeting: 20 September 2021

Subject of Report: Statement of Accounts 2020-21

Town or Parish: All

Officer/Member Presenting: Steve Ballard, Principal Accountant / Melanie Watts , Head of Finance

Key Decision: No

Recommendations

1. The Audit Committee is requested to:
 - a. consider the matter(s) raised in the Annual Governance Statement;
 - b. take note of any adjustments to the financial statements set out in the external auditor's report;
 - c. approve the draft letter of representation; and
2. That subject to any comments under 1 above, the Audit Committee:
 - a. approves the Statement of Accounts for 2020/21, subject to, any amendments necessary upon quantification of the impact of any issues arising from on-going work by the external auditors;
 - b. arrange for the Chair of the Council's Audit Committee and the Chief Financial Officer to sign the Accounts for 2020/21 as representing a 'true and fair view' of the financial position as at 31 March 2021, following any amendments necessary upon quantification of the impact of any issues arising from on-going work by the external auditors; and
 - c. arrange for the Leader of the Council and the Chief Executive Officer to formally approve the Council's Annual Governance Statement as part of the financial accounts and sign accordingly.

Summary of Report

Statement of Accounts

1. The Council's draft Statutory Statement of Accounts was prepared and approved ready for audit by the Director of Corporate Services on 19 July 2021. The Accounts have now been audited and are being presented to Audit Committee for formal approval. The latest revised Statement of Accounts for 2020/21 are attached at Appendix A.
2. These revised accounts are reflective of all adjustments agreed with Grant Thornton during the course of the audit up to 20 September 2021, but clearly do not reflect the

impact of any changes which may potentially be required as a result of any outstanding audit testing and assurance works.

3. Grant Thornton, the Council's external auditors, currently expect to give an unqualified audit opinion, but are unable to provide their final audit opinion until their programme of audit assurance and testing is completed. Should any material impact of errors be identified from this work, they would need to be adjusted for.
4. The Accounts and Audit Regulations require the accounts to be formally approved and published by 30 September 2021. We therefore recommend that the latest revised Statement of Accounts for 2020/21 be approved, subject to, any further amendments necessary to reflect any material impact of matters arising from their on-going audit testing.
5. It should be noted that, under the new Code of Audit Practice, which comes into effect from the audit year 2020/21, the external auditor's work on the Council's Value for Money arrangements is no longer included with the opinion in the annual accounts. The results of this work will now be reported in the Auditor's Annual Report, due to be reported to the Council by the end of December 2021.

Annual Governance Statement

6. The Annual Governance Statement (AGS) is required by the Accounts and Audit Regulations 2015 to be published with the Council's Statement of Accounts, and to be formally approved and signed by the Leader of the Council and the Chief Executive. The AGS for 2020/21 has been completed in accordance with the framework previously agreed by the Audit Committee.

The AGS provides an update of the significant issues raised in the previous year's statement and highlights the key new risks to the Council arising from the Coronavirus pandemic. The Statement continues to reflect the current position at September 2021.

Policy

7. The Statement of Accounts provide an overview of the Council's financial performance for the year and its financial sustainability going forward. The preparation and publication of the Accounts therefore contributes towards the Council's Vision to be an 'Open, fairer and greener North Somerset', and our Priority to be an 'Open and enabling organisation'.

Details

Statement of Accounts

8. The draft Statement of Accounts for 2020/21 was approved by the Director of Corporate Services and published on the Council's website, on 17 July 2021, which is in line with the requirement for publication by 31 July 2021. This deadline was revised from 31 May 2020 due to the Covid-19 pandemic.
9. It is the responsibility of the Audit Committee to consider the draft Accounts in detail, and also approve the audited Accounts as part of their governance role.

10. Audit Committee members attended an informal workshop meeting in July 2021, which included a session on the statutory accounts. Officers presented the key issues arising from the accounts, including a review of the core statements, explanations of significant variances and trends over previous years, going concern concept and basis for preparing the accounts, critical judgements in applying the Council's accounting policies, and significant accounting estimates and sources of estimation uncertainty.
11. Since the draft Accounts were presented for audit in July, the Council's external auditors', Grant Thornton, have undertaken the majority of their review and prepared their draft Audit Findings Report (ISA 260 Report). This report summarises the outcome on the annual accounts audit to date, and is also being presented to this meeting.
12. The auditor has outlined in their draft report that, subject to, the completion of their audit testing, and any material impact of any errors arising from this work being adjusted for in the statement of accounts, he is satisfied that the Accounts have been compiled in accordance with the Code of Practice on Local Authority Accounting 2020/21 (The Code).
13. The Council's revised Statement of Accounts for 2020/21 following the audit process, is attached at **Appendix A**. A number of minor amendments have been agreed with the audit team and these have been reflected within the document. At this time these relate to changes within the narrative content, there have not been any changes to the values included within the core statements or notes which support them.
14. As part of the completion of the audit, and prior to the issue of the audit certificate by the auditors, the Audit Committee is required to consider and sign a formal letter of representation, and to submit this to the auditor. A copy of this letter is attached at **Appendix B**, and should be signed by the Director of Corporate Services and the Chair of Audit Committee.
15. The sources of assurance available to members of the Audit Committee in reviewing and approving the Statement of Accounts, the Annual Governance Statement, and the Letter of Representation, are summarised in **Appendix C**.

Annual Governance Statement

16. In accordance with the framework agreed by the Audit Committee, the Head of Audit West has led on the collation and co-ordination of information relating to the preparation of the draft Statement, and gathering of evidence to support the Statement.
17. The Audit Committee received the Head of Audit West's opinion on the Council's internal control framework at the Audit Committee meeting update in April 2021, prior to inclusion within the draft statement of accounts in July 2021.
18. The Council's final Annual Governance Statement has been published within the Statement of Accounts, and is a declaration of assurance.
19. In the previous year, the AGS highlighted a number of key risks to the Council arising from the Coronavirus pandemic, and set out the high level mitigating actions that the Council had taken to continue to tackle these significant issues. This year's AGS includes an update on these mitigating actions.

20. The AGS also sets out the impacts of the Covid pandemic highlighted in 2020/21, and commentary and mitigating actions planned for 2021/22.

Consultation

21. As detailed in the body of the report, the Accounts were made available for inspection to members of the public, in line with statutory requirements.

22. Senior officers of the council have been involved with the formulation of the AGS, and members of the Audit Committee have been regularly updated with details of the process and outcomes.

Financial Implications

23. Financial implications are contained throughout the Statement of Accounts.

Legal Powers and Implications

24. The annual Accounts and the Governance Statement have been prepared in accordance with all relevant legislation, which is detailed throughout the report.

25. The Accounts and Audit (England) Regulations 2015, Regulation 9(2), requires the Council to:

- a) consider, either by way of a committee or by the members meeting as a whole, the statement of accounts;
- b) approve the statement of accounts by a resolution of that committee or meeting;
- c) ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given.

26. Regulation 9(3) requires the responsible financial officer to re-confirm on behalf of that authority that they are satisfied that the statement of accounts presents a true and fair view of:

- a) the financial position of the authority at the end of the financial year to which it relates; and
- b) that authority's income and expenditure for that financial year, before the approval of the accounts.

27. The preparation and publication of an Annual Governance Statement is in accordance with the "Delivering Good Governance in Local Government" framework introduced by CIPFA SOLACE during 2007, and updated in 2012. The Statement explains how North Somerset Council has complied with the Local Code of Corporate Governance which arises from the CIPFA framework and meets the requirements of the Accounts and Audit (England) Regulations 2015, specifically Part 2, Regulation 3, which requires:

28. A relevant authority must ensure that it has a sound system of internal control which:

- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

- b) ensures that the financial and operational management of the authority is effective; and
- c) includes effective arrangements for the management of risk.

29. Regulation 6(1) requires authorities to conduct a review of the effectiveness of its system of internal control, and to prepare an annual governance statement, at least once a year.

30. Regulation 6(2) requires the findings of the review of the effectiveness of the system of internal control, and the Annual Governance Statement, to be considered and approved by a Committee of the relevant body, or by its members of the body meeting as a whole. At North Somerset Council, this function is the responsibility of the Audit Committee.

Climate Change and Environmental Implications

31. None. The Accounts and AGS do not directly impact on climate change and the environment.

Risk Management

32. Risk implications are contained throughout the Annual Governance Statement.

33. Failure to comply would result in non-compliance of statute (notably approval of the accounts by 30 September 2021), and leave the Council open to criticism by external audit and other external organisations.

Equality Implications

34. The Accounts and AGS have been prepared in line with statutory legislation.

35. As highlighted at the Accounts Update report, reported to the April 2021 Audit Committee, the financial report presented to members, and for external audit review, has been produced in a new template, which is not fully readable by specialist accessibility document reader software, but is as accessible as possible in the time allowed. The audited accounts will be published on the Council's external website, and an accessible version of the final document will be prepared by the Council's Graphics team, and published on the Council's website.

Corporate Implications

36. Although the production of an Annual Governance Statement is a statutory requirement of the Accounts and Audit (Amendment) (England) Regulations, the responsibility for securing effective governance, internal control and risk management arrangements rests with all senior officers and members of the Council, and not with auditors and finance staff alone.

37. The Council's external auditor will take a view on whether any significant governance or internal control weakness identified by the AGS, and the action being taken to remedy them, are a proper reflection of the Council's governance and internal control arrangements, and that no material weaknesses have been omitted.

Options Considered

38. None. The Accounts and AGS have been prepared in line with statutory legislation.

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Appendices:

Appendix A Revised draft Statement of Accounts 2020/21, including amendments to date, but excluding the draft audit opinion

Appendix B Draft Letter of Representation 2020/21

Appendix C – Sources of assurance for Audit Committee members in approving the statement of accounts, Annual Governance Statement and Letter of Representation.

Background Papers:

NSC Statement of Accounts 2020/21 – Draft published 17 July 2021

Audit Committee - Accounts workshop slides - 29 July 2021

Appendix C

Sources of assurance for Audit Committee members in approving the statement of accounts, Annual Governance Statement and Letter of Representation.

The Council is a non-profit making, public sector organisation, and officers are not paid performance related pay. Therefore it is considered to be limited incentive for officers to fraudulently manipulate financial outcomes and the financial statements.

The Council has maintained its systems of internal control, including segregation of duties, regular review of key controls including bank reconciliations, control account reconciliations, and reconciliations of interface updates from sub-systems to the financial ledger.

Agreed Financial Regulations, Contract Standing Orders, Whistle-blowing policy, Anti-Money Laundering policies and Codes of Conduct for officers and members are in place.

Managers throughout the council are aware of the importance of maintaining adequate and effective governance arrangements.

Appropriate arrangements are operated to deter and detect fraud and investigations are routinely undertaken.

The Internal **Audit Annual Audit Plan** is developed to provide reasonable assurance that appropriate internal control arrangements are in place, and are operating effectively. This includes internal controls within general ledger and sub systems, such as access controls, segregation of duties, and the application of the scheme of delegation for approval of transactions, and over-arching controls such as reconciliations. No areas where there is a potential for override of controls, or inappropriate influence over the financial reporting process, have been identified.

As part of statutory requirements, the Head of Internal Audit is required to give an opinion on the internal control framework and systems to manage risk. This opinion for 2020/21 has been drafted for inclusion in the Annual Governance Statement in the accounts. The draft opinion identified no significant weaknesses or failures in relation to risks of material misstatement in the financial statements due to fraud.

Internal Audit's conclusions support the Chief Executive and Leader of the Council in certifying the Annual Governance Statement.

Officers with responsibility for the preparation of the financial statements are professionally qualified accountants with many years' experience, including the preparation and review of accounting estimates. Working papers supporting the accounts are subject to review and sign off by other finance officers. All material accounting estimates are subject to discussion and agreement with the Head of Finance.

Officers undertake training and review emerging guidance in relation to asset valuations and pension accounting, and ensure estimates are aligned to the guidance.

Finance officers undertake regular monitoring of financial performance and prepare forecasts of future outcomes, specifically with regards to cash-flows and delivery of a balanced revenue budget for future years, through the medium-term financial planning and capital strategy processes; all of which inform the council's view of going concern. Any significant risks or issues would immediately be escalated to the Corporate Leadership Team.

During accounts preparation, previous years accounts are reviewed, and emerging issues discussed amongst the finance team. Items potentially requiring accounting estimates are identified, and included in the working paper supporting Note 2 , the 'Estimation uncertainty' disclosure.

Risks of material mis-statement in the accounts are quantified through undertaking sensitivity analysis of each area of estimation to identify the estimates with the potential to lead to material mis-statement.

The valuations identified as requiring key accounting estimates noted in 1) above are provided by 'expert' valuers. The expert valuers are bound by professional standards as members of their professional bodies (RICS and the Institute of Actuaries), and follow relevant professional guidance, such as the RICS Red Book.

Council finance officers are not experts, but review the methods, assumptions and source data set out in the valuers service level agreements and output reports as being used by the experts for reasonableness, including consistency with previous years.

The Audit Findings for North Somerset Council

Year ended 31 March 2021

North Somerset Council
September 2021
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Contents



Your key Grant Thornton team members are:

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This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit Committee.

**Name : Jon Roberts
For Grant Thornton UK LLP
Date : 8/9/2021**

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of North Somerset Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2021 for those charged with governance.

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Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was undertaken remotely during June-September 2021. Our findings are summarised on pages 6 to 23. We have identified no adjustments to the financial statements therefore this has not resulted in any adjustments to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion [Appendix E] or material changes to the financial statements, subject to the following outstanding matters;

- working paper being produced by management to support judgements on accounting treatment of waste company
- creditors sample testing – waiting on evidence from management for 2 sample items.
- operating expenditure sample testing – management responses to 1 items outstanding from sample
- covid grant income – all evidence received, audit team currently finalising review of this
- grant income (including receipts in advance) – queries outstanding with management
- employee remuneration – starters and leavers evidence received, testing to be completed. Waiting on FTE reports from HR Department to complete analytical procedures.
- pooled budgets disclosure agreement of transactions to CIES – queries outstanding with management
- finalisation of our investment property testing, one query outstanding with external valuer.
- finalisation of our testing of Pension Liabilities including receipt of the pension fund auditor assurance response.
- review of final annual governance statement
- final review of audit file by audit partner
- receipt of management representation letter; and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unqualified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor's Annual Report by December 2021. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified a risk in respect around financial sustainability. Our work on this risk is underway and an update is set out in the value for money arrangements section of this report.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code. We will be able to certify the certificate once the value for money review has been completed and the auditors annual report published.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ("the Code"). Its contents have been discussed with management and will be discussed at the Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit Committee meeting on 20 September 2021, as detailed in Appendix E.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan in June 2021.

We detail in the table below our determination of materiality for North Somerset Council.

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	£7.27m	Materiality has been based on 2% of the Council's budgeted gross expenditure and was retained at this level even though the actual outturn exceeded budget, hence incorporating an additional level of scepticism for the audit
Performance materiality	£5.46m	Our performance materiality has been set at 75% of our overall materiality
Trivial matters	£0.36m	This is set at 5% of financial statements materiality and reflects a level below which stakeholders are unlikely to be concerned by uncertainties



2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumable risk that the risk of management over-ride of controls is present in all entities. We therefore identified management over-ride of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

We:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness

Findings

Our testing of journals entries made in year has not identified any significant issues.

We have noted that the control recommendation raised in prior year in respect of journals has not been implemented and remains a recommendation this year.



2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

The revenue cycle includes fraudulent transactions (rebutted)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

there is little incentive to manipulate revenue recognition opportunities to manipulate revenue recognition are very limited
the culture and ethical frameworks of local authorities, including North Somerset Council, mean that all forms of fraud are seen as unacceptable

No circumstances arose that indicated we needed to reconsider this judgement.

Valuation of land and buildings (Rolling revaluation)

The Authority revalue its land and buildings on a rolling basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£160m at 31.3.20) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.

We:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- wrote to the valuer to confirm the basis on which the valuation was carried out;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- testing revaluations made during the year to see if they have been input correctly into the Council's asset register; and
- evaluated the assumptions made by management for those assets not revalued during the year and how management had satisfied themselves that these are not materially different to current value.

Findings:

Our work is substantially complete in this area and at this stage we have not identified any issues to raise to management.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of Investment property (Annual revaluation)

The Authority revalue its investment property on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£46m at 31.3.20) and the sensitivity of this estimate to changes in key assumptions. The Authority's commercial investment portfolio consists of the North Worle District Centre and the Sovereign Centre in Weston-Super-Mare both of which saw significant decrease in value in the previous year.

Management has engaged the services of a valuer to estimate the current value as at 31 March 2021.

We therefore identified valuation of investment property, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

Valuation of the pension fund net liability

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£268 million liability in the Authority's balance sheet at 31.3.20) and the sensitivity of the estimate to changes in key assumptions.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rate.

We therefore identified valuation of the Authority's pension fund net liability as a significant risk of material misstatement due to the assumptions used in the calculations.

Commentary

We:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- wrote to the valuer to confirm the basis on which the valuation was carried out;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- engaged our own valuer to assess the instruction to the Authority's valuer, the Authority's valuer's report and the assumptions that underpin the valuation of the North Worle District Centre and Sovereign Centre;
- testing revaluations made during the year to see if they have been input correctly into the Council's asset register; and
- evaluated the assumptions made by management for those assets not revalued during the year and how management had satisfied themselves that these are not materially different to current value.

Findings:

Our work is not yet complete in this area – we are awaiting a response to a query on the calculation of the valuation of the Sovereign Centre which is with the Council's external valuer.

We:

- Updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- Assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- Assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- Undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report and;
- Obtained assurances from the auditor of the Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Findings:

Our work is not yet complete in this area. We requested a programme of work to be completed by the pension fund auditor and are awaiting their completion of this work. We are expecting this to be complete at the end of September.

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
<p>IFRS 16 implementation</p> <ul style="list-style-type: none"> Although the implementation of IFRS 16 has been delayed to 1 April 2022, audited bodies still need to include disclosure in their 2020/2021 statements to comply with the requirement of IAS 8 para 31. As a minimum, we expected audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases 	<p>We have reviewed the accounting policies for the Council to gain assurance that unadopted accounting standards have been appropriately disclosed within the statement of accounts.</p>	<p>We noted on review of the draft statement of accounts that the disclosure has been inappropriately dated as per the amended timeline.</p> <p>This has been raised to the Council as an amendment and we will review the final statement of accounts to check that this has been updated.</p>
<p>Recognition and Presentation of Grant Income</p> <ul style="list-style-type: none"> The Council receives a number of grants and contributions and is required to follow the requirements set out in sections 2.3 and 2.6 of the Code. The main considerations are to determine whether the Council is acting as principal/agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income. The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income 	<p>We have obtained and reviewed a working paper from the Council detailing judgements applied when determining whether the Council is acting as principal/agent.</p> <p>We have substantively tested grant income.</p>	<p>Our work is ongoing in this area, we have received evidence from management for the COVID-19 grant income sample and are in the process of reviewing this.</p> <p>We are near completion of this testing and at this stage have identified no issues with the recognition of covid grants.</p>
<p>IT Control deficiencies</p> <ul style="list-style-type: none"> An evaluation of the Council's IT systems and controls was performed by the audit team 	<p>We completed the following tasks:</p> <ul style="list-style-type: none"> IT general controls (design effectiveness); Performed high level limited testing of configurable controls within Agresso, Northgate iWorld and iTrent financial systems and Active Directory (AD) 	<p>Our assessments of the IT systems have identified 1 significant deficiency and 3 deficiencies.</p> <p>Due to the sensitivity of IT recommendations, we have not reported these in detail within this report, instead will share these separately for management to consider and respond to.</p>

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £184m	<p>Other land and buildings comprises of specialised assets such as schools and libraries, which are required to be valued at depreciated cost (DRC) at year end, reflecting the modern equivalent asset necessary to deliver the same service provision. The remainder of land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end.</p> <p>The Council revalues it's land and buildings on a rolling programme with a maximum period of five years between revaluations. The Council has engaged it's internal valuer to complete the valuation of properties as at 1 January 2021. 73% of land and building assets were revalued during 2020/21.</p> <p>Management has considered the year end value of non-valued properties, and the potential value change in the assets revalued at 1 January 2021 by applying indices to determine whether there has been a material change in the total value of these properties. Management's assessment of assets not revalued has identified no material change to the properties values.</p> <p>The total year end valuation of land and buildings was £184m, a net increase of £24m from 2019/20 (£160m).</p>	<p>We have reviewed the detail of your assessment of the estimate, considering:</p> <ul style="list-style-type: none"> • The assessment of the Council's in-house valuers; • The completeness and accuracy of the underlying information used to determine the estimate; • The reasonable of the overall increase in the estimate; • The adequacy of the disclosure of the estimate in the financial statements; • The sensitivities used by the valuer to assess completeness and consistency with our understanding and • Consistency of the estimate against Gerald Eve reported indices. <p>We also considered the latest RICS guidance around materiality uncertainty for trading assets i.e. retail, hospitality and leisure. Both the external and internal valuers instructed to valuations did not identify any material uncertainties within their valuation reports. We challenged this and our auditors expert valuer reviewed the valuers reasoning for this and concluded that the judgements made by the valuers to not include a material uncertainty were reasonable.</p> <p>Our work in this area has not identified any issues to report.</p>	Light purple

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Investment property valuations - £45m	<p>The Council revalue it's investment property on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>The Council's commercial investment portfolio consists of the North Worle District Centre and the Sovereign Centre in Weston-Super-Mare.</p> <p>The Council has engaged JLL, as an external expert, to complete the 2020/21 valuation of these two investment properties – the Sovereign Centre and the North Worle District Centre.</p> <p>The Council engaged it's-house valuer to value the other investment properties.</p> <p>The total year end valuation of investment properties was £45m, a net decrease of £1m from 2019/20 (£46m).</p>	<p>We have reviewed the detail of your assessment of the estimate, considering:</p> <ul style="list-style-type: none"> • The assessment of the Council's in-house valuers and management's expert, JLL; • The completeness and accuracy of the underlying information used to determine the estimate; • The reasonableness of the overall decrease in the estimate; • The adequacy of the disclosure of the estimate in the financial statements; • We have used an auditor's expert to review the work undertaken by both the internal and external valuer. <p>Our review of the valuation of investment properties is ongoing, in particular we have one outstanding query with the external valuer on the valuation of the Sovereign Centre.</p>	Light purple – TBC work still in progress

Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability – £299m	<p>The Council's net pension liability at 31 March 2021 is £299m (PY £268m) – comprising of the Local Government and unfunded defined benefit pension scheme obligations.</p> <p>The Council uses Mercer to provide actuarial valuations of the Council's assets and liabilities derived from these schemes.</p> <p>A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2019. A roll forward approach is used in the intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>There has been an increase of £31m in the net actuarial loss during 2020/21.</p>	<p>We reviewed the detail of your assessment of the estimate, considering the:</p> <ul style="list-style-type: none"> • Assessment of your management's expert, Mercers; • Completeness and accuracy of the underlying information used to determine the estimate; • Reasonableness of the Council's share of LGPS assets; • Reasonableness of the overall increase in the estimate; and • Adequacy of the disclosure of the estimate in the financial statements. <p>External auditors are provided with assurance in the form of an auditor's expert report from PwC to assess the assumptions made by the Actuary, the table below sets out the key assumptions:</p> <table border="1" data-bbox="981 810 1910 1246"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.10%</td> <td>2.10%-2.20%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.80%</td> <td>2.80%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4.2%</td> <td>Dependent on employer</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>24.8 / 23.3</td> <td>Scheme specific</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>27.4 / 25.4</td> <td>Scheme specific</td> <td>●</td> </tr> </tbody> </table> <p>Our review of the net pension liability is ongoing. We requested a programme of work to be completed by the pension fund auditor and are awaiting their completion of this work. We are expecting this to be complete at the end of September.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.10%	2.10%-2.20%	●	Pension increase rate	2.80%	2.80%	●	Salary growth	4.2%	Dependent on employer	●	Life expectancy – Males currently aged 45 / 65	24.8 / 23.3	Scheme specific	●	Life expectancy – Females currently aged 45 / 65	27.4 / 25.4	Scheme specific	●	Light purple – TBC work still in progress
Assumption	Actuary Value	PwC range	Assessment																								
Discount rate	2.10%	2.10%-2.20%	●																								
Pension increase rate	2.80%	2.80%	●																								
Salary growth	4.2%	Dependent on employer	●																								
Life expectancy – Males currently aged 45 / 65	24.8 / 23.3	Scheme specific	●																								
Life expectancy – Females currently aged 45 / 65	27.4 / 25.4	Scheme specific	●																								

Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Provisions for bad debts - £13m	<p>The Council makes a provision every year for the impairment of doubtful debts for Council Tax, Business Rates, Housing Benefit and Sundry Debt.</p> <p>The Council adopts a calculation methodology based upon past experience and the age of debts to make an allowance for the non-collectable amount of the reported debts.</p> <p>Management has reviewed the amounts collected in year against the provision at 31 March 2021.</p>	<p>We have reviewed the Council's methodology and recalculated the provision.</p> <p>We consider the Council's methodology is appropriate.</p> <p>The methodology applied is consistent and we consider that the estimated provision for bad debts is reasonable.</p>	Light purple

Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Grants Income Recognition and Presentation	The Council has received material Covid grants in 2020/21 and has undertaken a detailed exercise to determine the accounting treatment for these e.g. whether the Council are an agent or principal for each of the different grant streams and whether there are any conditions / restrictions to the grants.	The audit team obtained the Council's working paper detailing the judgements on accounting treatment of the Covid grants, reviewed the rationale and undertook detailed sample testing. We are nearing completion of this testing and at this stage have not found any issues with the Council's accounting of Covid grants.	Light purple - TBC work still in progress

Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - Internal Control

Assessment	Issue and risk	Recommendations
●	We have identified 4 control issues with regard to IT. Due to the sensitivity of IT issues, we have not reported the detail of these in this report, instead reporting these separately to management for comment.	Recommendations have been shared with management in a separate document for consideration.
●	1 issue identified as a significant deficiency 3 issues identified as deficiencies	The recommendations have been accepted by management and management responses received for these. Note, we have undertaken a fully substantive audit and have concluded that these deficiencies do not result in a risk of material misstatement in the financial statements.

Assessment

- Significant deficiency – risk of significant misstatement
- Deficiency – risk of inconsequential misstatement

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any other incidents in the period and other issues has been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, which is included in the Audit Committee papers.

2. Financial Statements - other communication requirements



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Issue	Commentary
Confirmation requests from third parties	We requested from management, permission to send confirmation requests to Banks for Bank and Investment balances . This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements - other communication requirements



Our responsibility

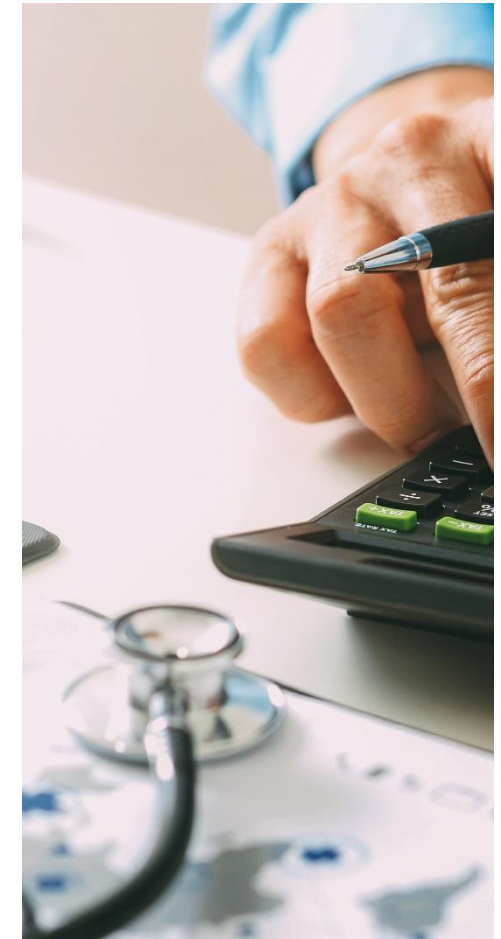
As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

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Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council’s financial sustainability is addressed by our value for money work, will be covered within our Annual Auditors Report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Council and the environment in which it operates the Council's financial reporting framework the Council's system of internal control for identifying events or conditions relevant to going concern management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to appendix E.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit. Some minor amendments were made to the draft annual governance statement and the Council added an executive summary to the statement in response to feedback from committee members. • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.



2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions for councils that exceed the NAO's threshold of £500m gross expenditure.</p> <ul style="list-style-type: none"> Note that work is not required as the Council does not exceed the threshold;
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2020/21 audit of North Somerset Council in the audit report, as detailed in Appendix E, due to the value for money work being incomplete at this stage.</p>

3. Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

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A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness

More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria.

- Auditors undertaking sufficient analysis on the Council's VFM arrangements to arrive at far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor's Annual Report by December 2021. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified a risk around financial sustainability at the planning stage of the audit, and at this stage have not identified any further risks.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

4. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Teachers Pension Return	4,200	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £4,200 in comparison to the total fee for the audit of £152,000 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Housing Benefit Claim	15,776	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £15,776 in comparison to the total fee for the audit of £152,000 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

Appendices

A. Action plan – Audit of Financial Statements

We have identified two recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Low	Related parties The Council has a policy whereby all members, together with the Council's Corporate Management Team, are required to sign a declaration detailing any relevant transactions entered into by them or close members of their family during the year. It was identified that three declarations had not been completed by members at the time that the accounts were produced.	We recommend that the Council ensures that the policy for member submissions for related party declaration is followed and where non-compliance Council have processes in place. Management response The Council recognises the importance of such declarations to support the scrutiny of related party transactions and the potential impact that this may have on disclosures within the Accounts. The Council's existing processes currently include reminders and points of escalation although these will be reviewed to ensure that the risk of non-compliance is reduced in future.
● Low	Disposals The Council identified one primary school which transferred from the Council's control to Academy status in 2017/18 was erroneously not included as a disposal in the Council's accounts that year. The transfer was for an immaterial balance and the Council included this as a disposal in the 2020-21 accounts.	We recommend that the process undertaken by the finance team to identify all schools transferred to academy schools is reviewed to ensure that no further schools will be missed off in the future. Management response The Finance team completed a review of its asset base during the 2020/21 financial year which highlighted the school in question. This has led to a review of existing communication channels and processes to ensure that all disposals are fully communicated to all relevant teams rather than nominated individuals. These changes will reduce the risk of instances re-occurring in the future.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Follow up of prior year recommendations

Assessment

- ✓ Action completed
- X Not yet addressed

We identified the following issues in the audit of North Somerset Council's 2019/20 financial statements, which resulted in two recommendations being reported in our 2019/20 Audit Findings report.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Journals</p> <p>Journals posted by finance users to not require authorisation prior to being posted to the system.</p> <p>In addition, journals can be posted without a narrative being entered.</p> <p>Recommendations</p> <p>We recommended that risk-based journal authorisation controls are implemented in the form of a preventative (system based) control which requires authorization before posting to the general ledger, or a detective/corrective control such as a retrospective review of journal entries by an individual other than the posted.</p> <p>We also recommended that a narrative is entered for each journal so that an audit trail is maintained.</p>	<p>It has been identified again this year this year that finance users do not require authorisation prior to being posted to the system and that journals can be posted without a narrative being entered.</p> <p>We therefore continue to recommend this in 2020/21.</p> <p>Management Response:</p> <p>The council has issued an updated template to all finance users which uses conditional formatting to highlight transactions which do not have a narrative so that corrective action can be taken prior to posting. Unfortunately the system does not have a mechanism to make such fields mandatory when they are being posted using the automated process however the use of the new template has reduced instances of blank fields in journals.</p> <p>It should be noted that the council does have a mandatory process which requires all non-finance user journals to be reviewed and approved prior to them being posted – these journals are manually entered into the system and transactions are sent to the relevant budget manager by way of a work-flow mechanism.</p> <p>The council recognises the issue of ‘finance-user’ journals raised in this, and previous audit reports and whilst it has not moved to a mandatory system of approval for all journals prior to them being posted, it has taken steps to introduce a risk-based approach for reviewing high-risk or significant transactions prior to posting, particularly at year-end, and also a retrospective review of posted journal entries through increased monitoring arrangements. We are continuing to explore ways to implement a mandatory approval process for these journals although are currently constrained by controls within the system, which do not apply to transactions loaded using automated processes</p>
In progress	<p>Retention of supporting documentation</p> <p>Our sample testing noted weaknesses in the documentation maintained to support transactions.</p> <p>Recommendations</p> <p>We recommended that management ensured that an appropriate audit trail of evidence is key to support the underlying transaction.</p>	<p>Management agreed with the recommendation to ensure an appropriate audit trail of evidence is kept to support underlying transactions.</p> <p>To date, the audit team have not identified any further issues in the final accounts audit - work on sample testing is still ongoing at this stage.</p>

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

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Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2021.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
No adjustments identified to date.			

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
General disclosures throughout the accounts and narrative report	Our review and audit of the draft accounts identified a small number of presentational changes to enhance the clarity of the accounts for the reader. We have shared the areas for presentational amendments and these will be reflected in the revised accounts.	✓

C. Audit Adjustments



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Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2020/21 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
No adjustments identified to date.				

C. Audit Adjustments



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Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2019/20 financial statements

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
<p>PPE Closing Balance</p> <p>Our testing performed on the valuer's work identified that old floor plan areas had been used in their calculation for 5 leisure centre assets.</p> <p>Overall impact is an understatement of the PPE closing balance totalling £4.239m</p>	Cr (Surplus)/deficit on revaluation of non-current assets £1,389k	<p>Dr Property, Plant and Equipment – Other Land and Buildings £4,239k</p> <p>Cr Revaluation Reserve £2,850k</p>	£1,389k	Immaterial
<p>Operating expenditure</p> <p>Errors were identified on the sample testing performed on operating expenditure. Credit and debit errors identified were extrapolated and net to have an overall impact of an overstatement of £1.911m.</p>	Cr Operating Expenditure £1,911k	Dr Cash £1,911k	£1,911k	Immaterial
Overall impact	£3,300	£3,300	£3,300k	

D. Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
Council Audit	152,071	TBC
Total audit fees (excluding VAT)	152,071	TBC

Details of variations in final fees from the proposed fee per the audit plan

The fees reconcile to the financial statements.

- fees per financial statements £156k
- less additional fees in respect of 2019/20 audit (£4k)
- total fees per above £152k

We confirm that no non-audit or audit related services have been undertaken for the Council.

E. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the Council with an unmodified audit report.

Independent auditor's report to the members of North Somerset Council

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of North Somerset Council (the 'Authority') for the year ended 31 March 2021, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Corporate Services use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Director of Corporate Services conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

E. Audit opinion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Director of Corporate Services use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Director of Corporate Services with respect to going concern are described in the 'Responsibilities of the Authority, the Director of Corporate Services and Those Charged with Governance for the financial statements' section of this report.

Other information

The Director of Corporate Services is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;

E. Audit opinion

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Director of Corporate Services and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities for the Statement of Accounts, set out on page 32, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Corporate Services. The Director of Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Director of Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Corporate Services is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

E. Audit opinion

- We enquired of senior officers and the Audit Committee concerning the Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - high risk unusual journals
 - accounting estimates and critical judgements applied by management
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Director of Corporate Services has in place to prevent and detect fraud;
 - journal entry testing, with a focus on high risk unusual journals;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and defined benefit pensions liability valuations
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings, investment property and defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector
 - understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.

E. Audit opinion

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

E. Audit opinion

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for North Somerset Council for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature – to be added

Jon Roberts, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date – to be added

F. Audit letter in respect of delayed VFM work

John Cato, Chair of the Audit Committee
Town Hall
Walliscote Grove Road
Weston-Super-Mare
BS23 1UJ

Dear Councillor Cato

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than December 2021.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Jon Roberts
Partner



**North Somerset Council
Financial Report
2020/2021**

Accessibility and Contents

Accessibility

Please note this document is not yet fully accessible to document reader software.

This is in order to meet the tight timescales for the preparation of the draft accounts, review by members, and by the Council's external Auditors. The Financial Report will be re-formatted and published in an accessible version following the completion of the external audit and approval of the accounts.

If you need help in accessing the information within the document, please call or e-mail our Head of Finance Melanie Watts, on 01934 634618, Melanie.Watts@n-somerset.gov.uk.

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Narrative Report

What is in the Financial Report?

The Council publishes an annual Financial Report, incorporating the Statement of Accounts for the financial year, information about the governance of the Council and also details of the major influences on the Council's finances which affect how it manages its finances both now and in the future.

This report provides information about the Council's costs, its income streams, and its reserves and balances. All information included within the report is in draft form and is subject to review by the Council's auditors.

Narrative Report from the Director of Corporate Services

The Narrative Report is the introductory statement to the Council's accounts for the 2020/21 financial year. It has been structured in such a way to enable readers to understand North Somerset Council, its operating environment, and key issues which affect the Council, the delivery of its services, and its financial position, including:

- An overview of North Somerset
- Financial context
- Performance during the 2020/21 financial year
- Looking ahead in the medium term
- Summary position
- Basis of preparation of the accounts and an explanation of the accounting statements

1. An Overview of North Somerset

North Somerset is a unitary council covering an area of around 37,500 hectares (145 square miles) and currently has a population of approximately 211,500 people. It is strategically placed close to the major cities of Bristol and Cardiff and has excellent transport links with the M5 and the mainline railway from Bristol to the South West running north to south through the district and remains a popular visitor destination.

Almost 40 percent of North Somerset's residents live in rural communities or 'rural town hubs' such as Clevedon, Portishead and Nailsea. Weston-super-Mare is already the third largest settlement in the West of England, with significant further expansion planned.

Recent forecasts show that the population is projected to grow significantly over the next two decades, from its current level to almost 252,000 by 2041, which is faster than the national average. Additionally, the area has proportionately more elderly and young people than other comparative unitary councils, which are also set to increase. Source: ONS Estimates for 2016.

Overall North Somerset is considered prosperous, with below average unemployment and above average weekly earnings. However, there are big differences between areas and individuals: North Somerset is unusual in including areas in both the most and least deprived 1% in England, giving a wide range in deprivation scores between neighbouring towns and villages within the area.

In recent years the Council has faced both economic and service-related pressures, although it continues to be an ambitious organisation which is recognised for providing good value services within a challenging financial environment.

Covid-19 Pandemic

The Covid-19 pandemic continues to significantly impact on the Council, as well as on our residents, businesses, partners, other public institutions, and the voluntary and community organisations

Narrative Report

within our region. It has required an unprecedented, collective response from its starting point in March 2020, to mobilise the resources, skills and goodwill of many across the District. We will continue to do all we can to support our residents, communities and local businesses, to keep key services running, and to ensure that those who need help get it.

Information tracking the number of positive cases of Covid within North Somerset across the year, and the timescale and peaks in which the cases developed are available on the Council's website. The Governments' national guidance and reaction to the pandemic has continued to evolve, through support packages and interventions. The success of the vaccination programme, and other measures, will continue to influence emerging government policy, especially if numbers of serious illnesses and hospital admissions remain low. However, at this time outcomes are still too uncertain to predict.

Over the course of the past year the Council has recognised three major phases of the pandemic for North Somerset, its residents and businesses, which have required different responses;

- an initial emergency response – which saw some services reduced, scaled or stopped (for example car parks and libraries were closed); and other new services created (community hubs was established to provide food and essential supplies to residents who were shielding),
- a transitional phase – which saw some services or processes delivered in different ways (for example, new ways of working and the transition to online or digital solutions), and some services beginning to be re-opened,
- a recovery and renewal phase – which sought to understand the impacts on the residents and businesses within our communities, and to support them to recover and regenerate back to a position prior to the Covid-19 emergency.

In addition to the wide-ranging impacts on service delivery, the Council has also experienced significant financial implications in many areas of our budget. The Council has had to put considerable additional resources into services to ensure that the most vulnerable in our community are cared for, and that businesses, the local economy and associated supply chain is protected wherever possible. External service providers in fields such as adult social care, leisure and transport, have been supported to continue and be sustained into the future. The wider economic impact has been profound, and we, along with many other organisations have also experienced reductions or deferrals across many of our income streams such as business rates, council tax, car parking, concessions, investment and property income, leisure services, and regulatory and planning fees.

The Government's response to supporting local government through the pandemic has been essential. It has provided an extensive range of funding and support measures, as well as updating guidance and regulations to enable councils to continue to provide vital services and respond to the very real situations faced within our communities.

The Council has experienced and responded to changing circumstances as we have emerged from several 'lock-downs' and then prepared for others. We will continue to review the services provided, and how these services can be delivered and accessed in the future, including how and where the Council's staff will work to support service delivery. Changes brought about by the pandemic will be included when the Council revisits its financial plans for the medium-term, and its capital investment priorities, in the coming weeks and months.

Throughout the pandemic, the Council has communicated with the public through a wide variety of channels including holding online virtual meetings and webinars, sharing press releases, and using

Narrative Report

social media, as well as continuing with more formal reporting, in order to reach as many people as possible. Communication and engagement plans are recognised as an important priority and it is anticipated that these will become an embedded part of all future service planning.

Our Constitution

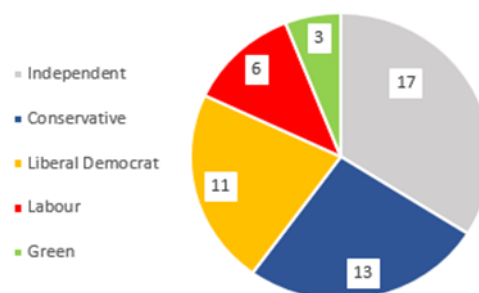
The Council has an approved Constitution in place which sets out how it operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution, which can be found on the Council's website at [Constitution](#), is reviewed on a regular basis. The published document was previously updated in April 2019, although an addendum was subsequently added during the Coronavirus pandemic to allow members to undertake Council business using virtual meetings accessible to the public. Updates to The Constitution to reflect recent changes to the Council's organisational structure were agreed in April 2021. This updated Constitution is currently in the process of being published on the Council's website.

Our Leadership and Workforce

Our 50 elected Councillors represent the people of North Somerset and they set the overall policy of the Council, operating with a Leader and Executive model as the current political management structure.

Following the local elections in May 2019, no single political party or group has overall control and an alliance of Independent, Liberal Democrat, Labour and Green Party councillors, are working closely together to deliver key outcomes.

The Leader of the Council is responsible for the appointment of members of the Executive, the allocation of portfolios, and the delegation of executive functions.



The Executive includes the Leader of the Council, the Deputy Leader of the Council and six other Executive Members. Executive Members are held to account by a system of scrutiny committees which provide local accountability, openness and involvement in decision-making, aiming to improve results for people in North Somerset.

The Audit Committee monitors the effectiveness of the Council's overall governance arrangements including in relation to risk management, systems of internal control, and financial strategy. It monitors the adequacy of the Council's Annual Governance Statement, which provides an overview of the Council's governance arrangements and significant risks, assessing the quality and timeliness of progress in identifying and implementing any required improvements.

Senior officers led by our Chief Executive, include our Directors and Statutory Officers, and together form our Corporate Leadership Team (CLT). CLT works closely with the executive members to ensure a corporate approach to delivering the Council's vision, aims and objectives. The role of CLT is to:

- guide the strategic direction of the whole organisation
- help the organisation translate its policies into practice
- support managers and staff in the development and delivery of services

The Chief Executive Officer undertook a review of the Council's directorate structures and senior leadership during the year and introduced further capacity at this level through creating a new Director of Corporate Services post. The new post was based on the previous Director of Finance

Narrative Report

post, which had been filled on an interim basis by Richard Penska until the end of March 2021. Amy Webb took up the role of Director of Corporate Services from May 2021. The Head of Finance temporarily undertook the S151 Officer role in the intervening period.

Material changes in the shape of the organisational structure included creating separate Directorates for Childrens Services and Adult Social Services from the existing People & Communities directorate and re-naming and framing the existing Development & Environment directorate as the Place directorate.

Other changes include the transfer of functions between directorates to better align service cohesion and delivery.

The graphics below provide an overview of the organisational structures in place at the start and the end of the financial year. Although these decisions were taken throughout the year, the Council maintained its existing financial reporting framework until the end of March, and agreed that changes in respect of financial reporting would be fully implemented from April 2021 to retain clarity and avoid confusion. The presentation of the Council's budget monitoring and statutory accounts for 2020/21 is based on the previous directorate and service structures, and reports relating to activity in 2021/22 will reflect the updated directorate and service structures.

DIRECTORATES - PRE RESTRUCTURE			
People & Communities	Development & Environment	Corporate Services	Public Health & Regulatory Services
Adults and Children's Support and Safeguarding	Placemaking and Growth - including Planning, Economic Development and Highways and Transport	Public facing services such as elections, land charges, CCTV and community safety, emergency planning	Statutory and Discretionary Public Health Services
Strategic Commissioning and other social care activities	Neighbourhood Management - including Waste, Libraries, Sport and Leisure	Internal support services delivered by in-house teams including legal and democratic, finance and insurance, procurement, human resources, health and safety, learning and development, transformation, marketing and communications, property and asset management	Regulatory services such as licensing, trading standards, food safety, public protection
Statutory Education Services, Housing, Policy & Strategy	Directorate management and support services and Special Expenses	Commissioned support services provided via partners including ICT, gateway and customer services, business support exchequer services, carelink	

DIRECTORATES POST RESTRUCTURE				
Adults	Childrens	Place	Corporate	Public Health
Adults Support and Safeguarding - including Learning Disabilities, Mental Health, Memory and Cognition, Physical and Sensory Impairment,	Children's Support, Safeguarding and Education Partnerships - including corporate parenting, family well-being support and safeguarding, youth justice service, strategic planning and	Placemaking and Growth - including Planning, Economy, Placemaking and Development, Property Assets and Projects, Major Infrastructure Projects,	Public facing services and functions - including Members, Electoral and Registration services, Land Charges	Statutory and Discretionary Public Health Services, within the financial ring-fence
Strategic Commissioning and other social care activities and housing services	Schools Budgets and Dedicated Schools Grant - including school allocations, special educational needs services and vulnerable learners, early years, strategic management	Neighbourhoods and Transport - including Environment and Safer Communities, Highways and Parking Operations, Highways Technical Service, Libraries and Community, Leisure Seafront Culture and Events, Open Space and Natural Environment, Transport Planning	Internal support services delivered by; Asst Director (Governance), Asst Director (Transformation), Head of Business Insight Policy and Partnerships, Head of Peoples Services, Head of Procurement, Marketing and Communications Service Manager, Head of Finance and Head of Support Services	Regulatory and other services such as licensing, trading standards, food safety, public protection, emergency management, response to Covid-19
		Directorate management and support services and Special Expenses	Commissioned support services provided via partners including revenues and benefits, ICT, gateway and customer services, business support exchequer services, carelink	

The Council employs around 1,700 staff, approximately 400 of these staff work in our maintained schools.

Narrative Report

The Council's Corporate Plan

The Corporate Plan is a working document that exists to help Councillors, staff and partners work together to deliver the vision for North Somerset, which is to have an **Open, Fairer Greener North Somerset**. Its primary purpose is to set out our story and to share our priorities for North Somerset; to explain what we are doing and why we are doing it. The latest Plan, which covers the period 2020-2024 can be found at [Corporate Plan](#) .

Our Corporate Plan is the business plan for our organisation. Everything we do as a Council links back to this plan. It guides our work and explains why we focus on specific areas.



The Plan recognises that we are living through a period of great change locally, nationally and indeed globally. Whilst the global economy grew in the last decade, the impact has been variable across our communities. Some of our residents have seen a fall in their living standards and we have responded by targeting our reducing resources on our most vulnerable residents.

We have reached a tipping point in tackling climate change, which this council is committed to address by not only declaring a climate emergency, but also developing an action plan, and whilst technology is transforming how we live, we also need to focus on shaping where we live as our High Streets change and the need for housing and employment land increases.

We want to maximise the things which make North Somerset such a great place to live whilst tackling the big and urgent issues, like climate change, reducing inequalities and how we engage more effectively with our residents.

Our Services

As noted above, the Council provides a wide range of statutory and discretionary services to the people of North Somerset. Over the past year the Covid-19 pandemic has impacted on our core

Narrative Report

business as usual service offer. Significant efforts were made to ensure that the vulnerable people within our communities continued to receive the support they needed. New measures relating to existing service provision were quickly implemented, including accelerated hospital discharges, agreements to pay providers based on commissioned rather than actual activity, making additional payments to care home providers to cover increased staffing costs, purchases of Personal Protective Equipment (PPE), and providing emergency accommodation for the homeless.

New services were also created in response to the statutory duty to coordinate food, self-care, medical supplies and other necessary assistance to vulnerable groups. The Council, working with the voluntary sector and volunteers, created a Community Hub at the Hutton Moor Sports Centre, to co-ordinate food distribution and the delivery and distribution of PPE. During the early emergency phase of the pandemic it was recognised that these activities needed to expand, with referral pathways to other agencies being established. Consequently, the Council helped facilitate North Somerset Together, which is an online platform and call centre to bring focussed support for our residents together in one place. The NS Together offer has continued to evolve, and it is expected that it will help underpin and shape future service partnership models.

The Council has worked closely with head teachers to manage the impacts of schools' closures through each of the different phases of the pandemic, to balance the health and well-being of the children, school staff and the wider community. Extending government support initiatives has resulted in additional support and services being provided.

Covid-19 has had a widespread impact on the workforce of the Council and the way in which it delivers services. The Council has utilised technology effectively to allow many staff to work seamlessly from home to minimise disruption to services where possible. For those services areas which cannot work from home (whether provided directly, or through our contract partners), such as those engaged in refuse collection and highways services, working practices have been adapted to ensure their health and well-being throughout the last year.

As the pandemic continues to evolve and restrictions ease once again, many of these measures will either reduce or cease entirely. There may be requirements for support to be provided in different ways or in different areas, almost certainly extending into future financial years, and potentially instigating permanent change and creating a new 'norm'.

2. Financial Context

Resources Overview

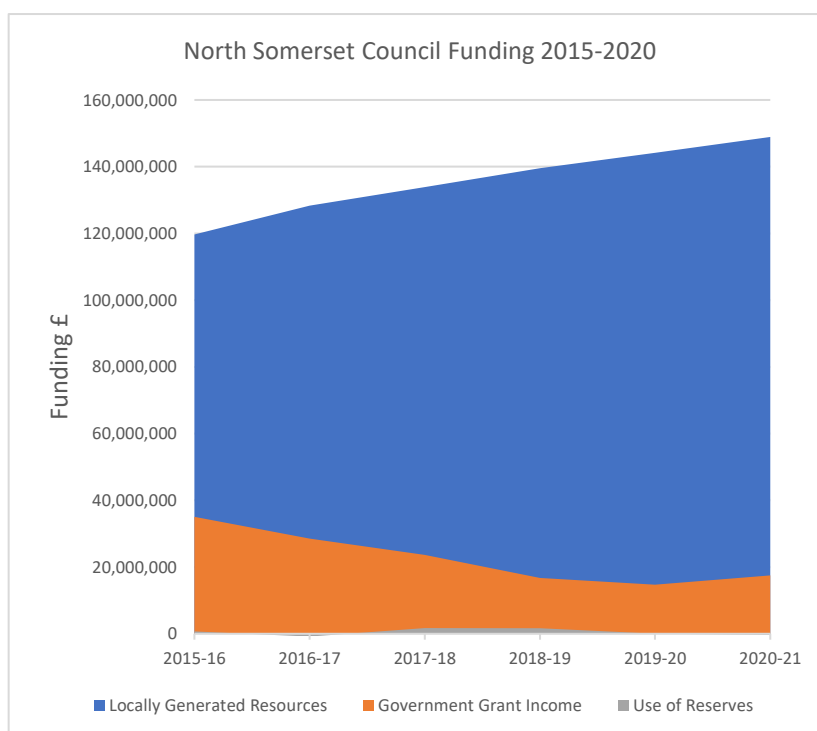
For many years local authorities have continued to deliver valued services to their communities within the wider context of national austerity, and this has been an extremely challenging period. Cost pressures, and the demand for our vital services continued to rise, at the same time as Central Government funding has been reduced. North Somerset, along with many others within local government have risen to this challenge, and has introduced a series of strategies which seek to transform services by reviewing delivery mechanisms, increasing efficiencies and maximising the use of digital solutions wherever possible, enabling the Council to reduce costs and re-prioritise its resources.

As a significant proportion of the Council's income is generated locally from council tax and business rates, the Council has sought to drive business and housing growth in the area to increase the amount of funding which it can use towards the existing budget, to meet growing demand pressures and fund the emerging priorities set out in the revised Corporate Plan.

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The largest spending pressures within North Somerset's base budget remain unchanged and are linked to the costs of an aging and rising population and its associated funding, and the rising numbers of children requiring social care support and safeguarding, and with special educational needs.

As can be seen in the chart, approximately £149m, or 89% of our funding received during the 2020/21 financial year, was raised locally through council tax, business rates and reserves, with just £17m, or 11%, from government grants. This is broadly comparable to the previous financial year, as a 'one-year roll-over' funding package was agreed by the government as part of its Spending Review. However, government funding continued to make up a lower proportion of our total resources than in recent years.

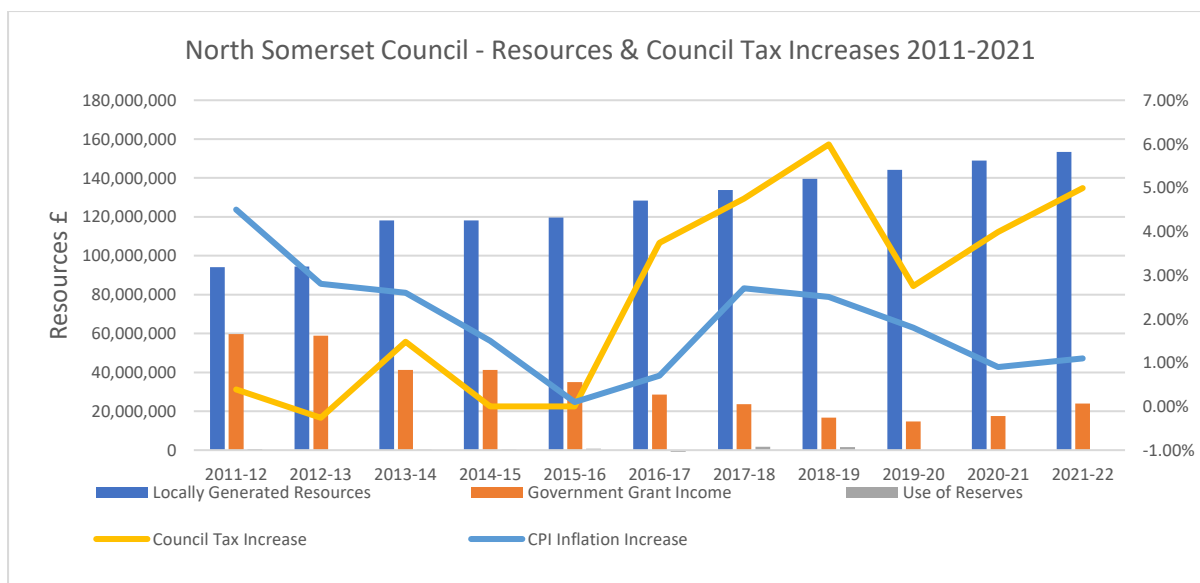


Latest forecasts and modelling assume that the level of 'general' grant the Council can expect to receive in the future will continue to fall, and may only account for a very small proportion of total funding. This makes achieving local economic growth even more important to ensuring the Council's future financial resilience.

When setting the 2020/21 budget, the Council approved an increase of 1.99% on its base council tax levels to generate additional income. This was below the Government capping limit of 2%. The Council approved a further 2% increase in respect of the Adult Social Care Precept, which was within Government parameters. Hence the total increase in council tax was 3.99%.

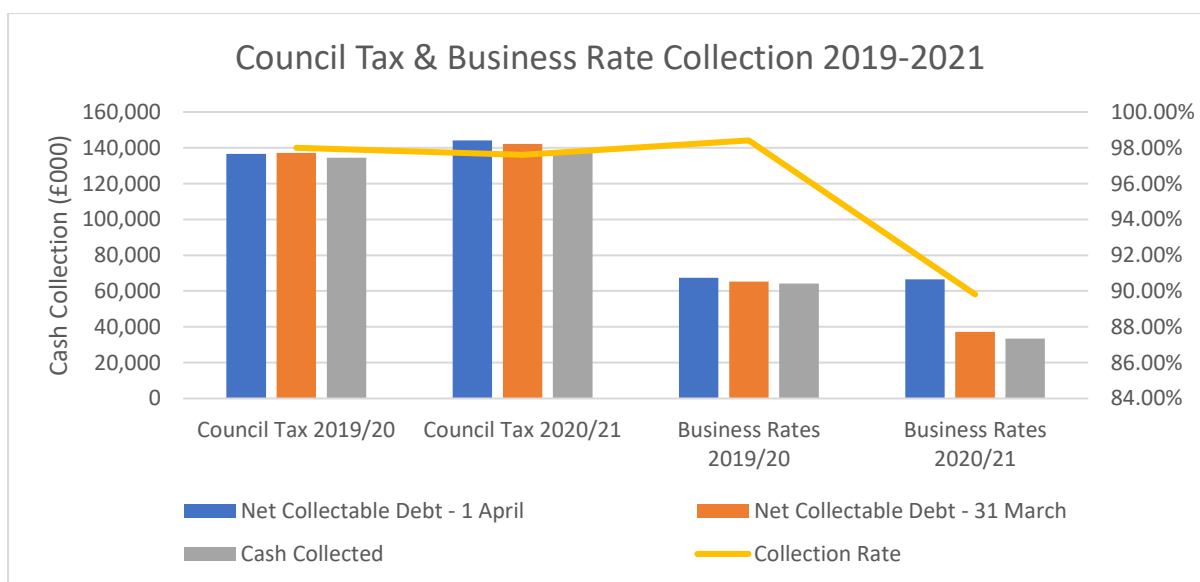
Council tax levels in North Somerset remain relatively low compared to other authorities in the South West. However, as can be seen below, they have risen in recent years, and are currently above the inflation (the Consumer Prices Index, or CPI). This largely relates to the inclusion of council tax increases in respect of the Adult Social Care Precept, which has been part of the Governments' ongoing response to funding the pressures within Adult Social Care related services.

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Collection rates for both council tax and business rates are important to the Council. Not only are they a measure of financial performance but, as noted above, they remain a key source of funding for our services. Losses as a result of poor collection could impact on the budget in future years. Collection rates have remained relatively high in recent years for both areas, achieving around 98% of the net collectable debt, although they were identified as an area which could be significantly impacted by Covid-19.

The graphic below illustrates the impact of Covid-19. It details the total cash sums collected by the Council in respect of in-year council tax and business rates, and a comparison to the net collectable debt due for the 2019/20 and 2020/21 financial years.



The business rate income due to be collected by the Council at the end of the 2020/21 financial year was significantly lower than it was at the start of the year, a reduction of over £29m. The majority of this decrease relates to Government Covid-19 support, which provided 100% relief for business rate liability for the year to businesses in the Retail, Hospitality and Leisure sectors. The Government has confirmed that councils would not be disadvantaged by this intervention, and provided a specific grant to cover the shortfall in income.

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Under current arrangements the Council's retained share of business rate income is 49%, 1% is allocated to the Fire Authority and the remaining 50% is retained by the Government meaning that the Council's share of the losses associated with granting business rate relief was approximately £14m.

The collection rate for business rates fell from 98.41% in 2019/20, to 89.81% in 2020/21. This reduction does not reflect lower levels of performance, but instead is largely due to a Covid issue related to airports across the country. The majority of the decrease in the collection rate relates to the liability for Bristol Airport which was outstanding at the end of the financial year, although it was paid in full at the end of April 2021. The airport has suffered significant operational losses during the year as a result of Covid closures and travel restrictions. Funding for business rate liabilities was raised as a national issue, and Government support was eventually provided to airports so that they could cover these costs.

Even before the impact of Covid, local authority funding in England has undergone considerable upheaval over the last 10 years as the Government implemented a series of changes. These continue to have a significant impact on our finances. Further changes previously announced by the Government have since been delayed by more pressing national issues, such as the Brexit negotiations and the Coronavirus pandemic.

Specific financial impacts regarding potential future changes cannot be brought into the Council's own financial planning forecasts until more details, including implementation timescales, are shared and confirmed. The proposed changes previously considered by the Government, and which may feature in future years, include;

- Changes to the retention shares of business rates revenues to fund local services, which could see an increase from the current position of 49% retention and move towards local government retaining 75% of business rate income.
- Further changes to the operational management of the national business rates system, in an effort to simplify some of the complexities and volatilities. This could potentially include the centralisation of the risk and costs of appeals, and changes to the top-ups, tariffs and levy mechanisms. Specific details and timescales are not yet known.
- Implementation of the Fair Funding Review, which would affect how funding is allocated and redistributed between local authorities. Consultation exercises show that the Review could potentially move to a flatter distribution, with three main 'cost drivers' being population, deprivation and sparsity, together with additional cost drivers related to specific local authority services, rather than the existing complex series of formulae.

Even without some of the planned changes, the Council's financial modelling will continue to be reviewed and updated in light of further Government announcements to fully understand the impacts on our available resources. These will largely be centred around the Comprehensive Spending Review, which is the Government's way of informing councils on the likely levels of funding which it can expect to receive in the future. The Council would prefer Spending Reviews to cover a multi-year period, as this reduces risk by providing a greater degree of certainty to support our financial planning and enables informed decisions to be made to support service delivery and shape investment priorities in a timely and considered manner.

Although only one-year funding settlements have been provided since 2019, the Council has developed a strong strategic approach to its revenue budget and financial planning considerations, and incorporated a range of scenarios into its latest modelling. It will continue to focus on both the

Narrative Report

internal and external financial challenges and opportunities faced to ensure that the Council fully understands its current and future financial position, and has strategies and mitigations available to respond when required.

Risks and Opportunities

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside the monitoring of national and local performance targets. The Corporate Risk Register, and the underlying risk strategy, plays an integral role in the management of risk and is subject to review by both the Corporate Leadership Team and the Audit Committee.

Business as usual risks identified at the strategic level include uncertainties in relation to increased levels of demand for our services whilst maintaining ongoing service provision, for example in relation to:

- safeguarding children and vulnerable adults,
- continuing the transformational activity to support customers and clients of the Council, and
- monitoring the availability, quality and affordability of key resources that the Council depends on to deliver services in the future, such as delivering sustainable solutions to the support our housing needs, or providing economic growth within the local area.

The Corporate Risk Register is a live document which is updated throughout the year by both CLT and the Executive. It includes the impacts of Covid-19, which remains among the Council's over-riding risks. Material risks, including those to partnerships and projects, are reviewed by scrutiny panels or included within the Annual Governance Statement (AGS) where necessary.

Risks associated with the Covid-19 pandemic continue to feed into all areas of strategic decision-making, for both ongoing service delivery and future business planning. Regular updates detailing the impacts of the pandemic over the course of the 2020/21 financial year have been shared within budget monitoring reports presented to the Executive. However, the sustained impacts into the future are not, as yet, fully understood. Uncertainty will remain until such time as the numbers of individuals affected by the virus remain at low levels for a prolonged period of time, and national and local responses to the emergency become more stable.

Whilst there are no new significant service-related issues raised in the 2020/21 Annual Governance Statement, the uncertainties surrounding the ongoing impact of the Covid pandemic together with the longer-term funding solution for local government, and specifically the ongoing reduction in the level of public sector funding, alongside the increasing demand on the Council's services, remain major risks that the Council faces.

3. Performance during the 2020/21 financial year

Monitoring the revenue budget in 2020/21 – introduction and context

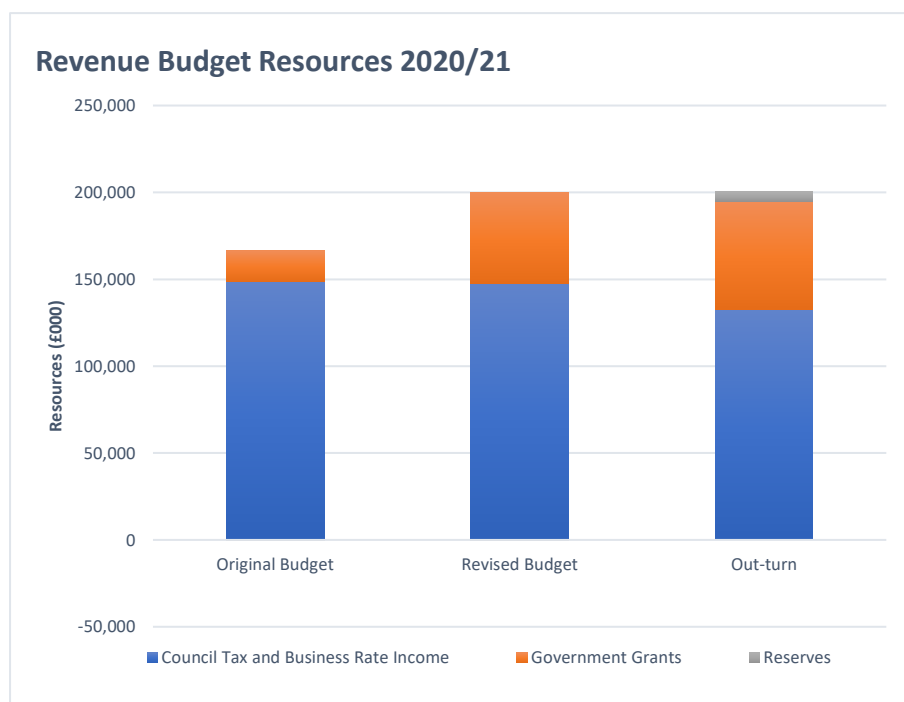
In line with good financial governance, all aspects of the Council's operational revenue budget are monitored throughout the financial year, with reports being considered by the Council's Executive on a regular basis. All such budget monitoring reports can be found on the Council's website, see link [Minutes](#) .

Monitoring focuses on the forecast income and expenditure positions compared to the approved budgets set for the year, and the consequential impact on the Council's reserves and balances should any surpluses or deficits arise.

Looking-back it is not an under-statement to say that 2020/21 was an extremely challenging year, as the pandemic by its very nature, has affected everyone and every organisation in some way. The

Narrative Report

Council has described some of the impacts that Covid has had on the organisation and the services it provides in the sections above, although it is important to understand that a lot of these impacts have also had a financial consequence, many of which can be seen through the monitoring of the revenue budget.



In February 2020 the Council approved an original net expenditure budget prior to the start of the 2020/21 financial year of £166m.

The Council's revenue income and expenditure budgets have been increased throughout the year, by a total of £34m, meaning that the revised net budget at the end of the financial year was £200m.

Monitoring the revenue budget in 2020/21 – income and resources

The Council's net revenue budget is primarily funded from two main sources, local taxation and government grants, and reserves are often used to smooth impacts across financial years.

At the start of the financial year almost £149m, or 90% of the Council's total income resources were expected to come from council tax and business rates, with the balance from government grants or reserves.

During the financial year the Council received significant additional sums money from the Government to fund a variety of Covid-19 impacts. Whilst these have been reported in full to the Executive, not all income and grant funding received by the Council has been included within the revenue budget or its statutory accounts.

Instead, as detailed in Note 1 of the Financial Statements, judgements have been made over the nature and terms of the various Covid-19 funding streams to determine whether there is income and expenditure to be recognised within the Comprehensive Income and Expenditure Statement in 2020/21, as directed by the Code of Practice on Local Authority Accounting, specifically;

- where funding has been received and is to be transferred to other parties, is the Council acting as the principal or as the agent?
- are there any grant conditions outstanding?, and
- is the grant a specific or non-specific grant?

Where the Council has determined that it is acting as an **agent on behalf of the Government**, then transactions have not been included within the financial statements, with the exception being in

Narrative Report

respect of cash collected at source and any associated debtor or creditor balances owing or held at the year-end.

Material sums of money were received from the Department for Business Energy and Industrial Strategy (BEIS) who established a series of mandatory support packages throughout the various lockdown and restriction periods, and the Council had a key role to play in distributing this funding to businesses within the North Somerset area which met the specific Government criteria. The amount of mandatory grants paid out to businesses in this way totalled £57.2m.

Where the Council has determined that it is acting as the principal for the distribution of the grant, then relevant sums have been included within the financial statements. Consideration has been given to understand the nature and purpose of these grants, as some funding allocations were general in nature, and could be used to fund unspecified Covid-19 related pressures and impacts. The Council has received a total of £14.6m of general financial support from the Government, with £5.9m of this being received at the end of March 2020, and the remainder during the 2020/21 financial year.

Other grant funding received by the Council was targeted to specific services or designed to achieve defined outcomes, meaning that the grants were classified as earmarked or ring-fenced, and could only be used for such purposes. The Council has recognised these grants as income within its revenue budget where it has reasonable assurance that the grant conditions have been met. Where a condition of the grant remains to be satisfied, grants have been recognised as receipts in advance on the balance sheet.

The Government established a further support package for local authorities which enabled them to share the financial impact of income losses which were directly attributable to Covid. The Sales, Fees and Charges income compensation scheme provided funding of 75% for a defined range of income losses. Claims made by the Council totalled £3.9m in 2020/21.

Covid-19 grants included as income within the revenue budget have been included in Notes 13 and 14 to the accounts, which detail the more significant earmarked grants that the Council has received. These include funding for the discretionary grant payment schemes given to businesses who were affected by lockdowns and restrictions (£8.5m), and the grant payments offered to social care providers to support them with infection control, rapid testing and workforce capacity issues, which totalled £8.4m.

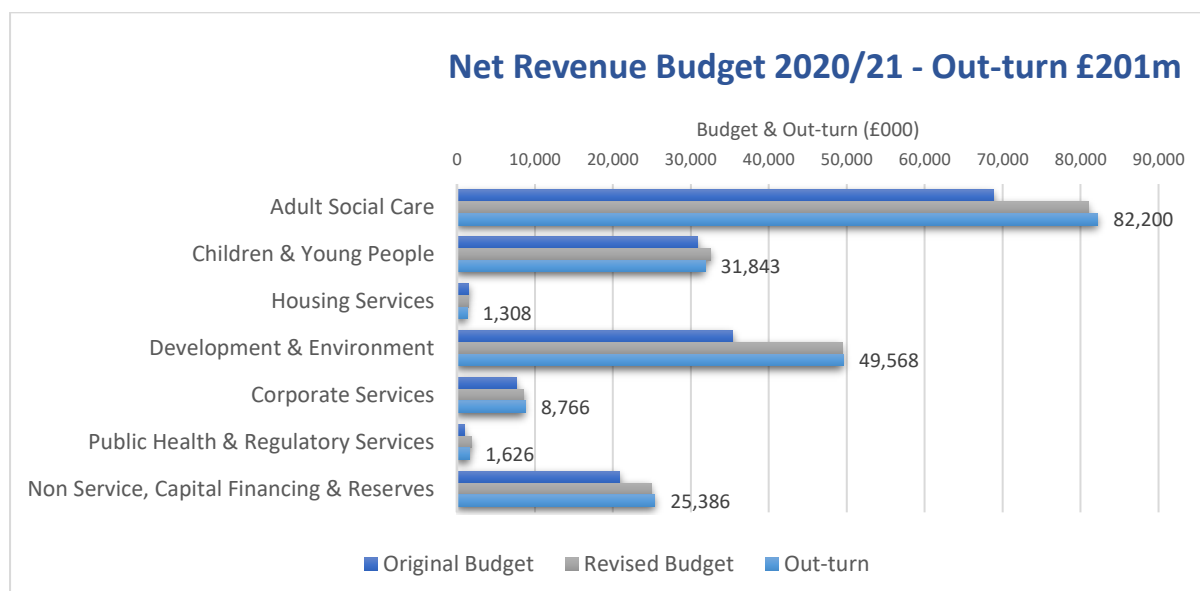
As part of its budget monitoring and reporting arrangements these additional grant receipts were held centrally and reflected as 'resources', rather than being netted off the associated spending plans, which were charged and reflected within individual directorate budgets. This approach enabled a clear and transparent system of reporting, so that it could be seen how much funding had been incorporated into the budget, and how much of these resources had been spent within services. The Council's net revenue budget was increased by a total of £34m during financial year for general and earmarked Covid grants, and means that budgeted resources at the end of the financial year totalled £200m. It should be noted that the Council fully complied with the relevant accounting requirements when compiling the financial statements, and reflected grant income within Cost of Services where appropriate.

The final out-turn position for 'resources' shows that the total income for the year was £201m, which is £1m more than the revised budget, and a positive outcome.

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Monitoring the revenue budget in 2020/21 – revenue expenditure

The chart below shows the Council’s budgeted and actual spending plans for the year across each of its core service areas. The final out-turn position achieved by the Council was net expenditure of £201m, which matched the amount of income received within its resource budgets, and means that, at an overall level, the Council balanced its revenue budget for the year and required no drawdown from its General Revenue Reserve balance at the year-end.



Although the overall out-turn position for the Council was balanced, as in previous years, the Council continued to face cost pressures within its core social care budgets, which were overspent by £1.2m at the year-end. However, due to the financial impacts and complexities brought about by Covid, the underlying financial issues experienced by the service were different to those seen before.

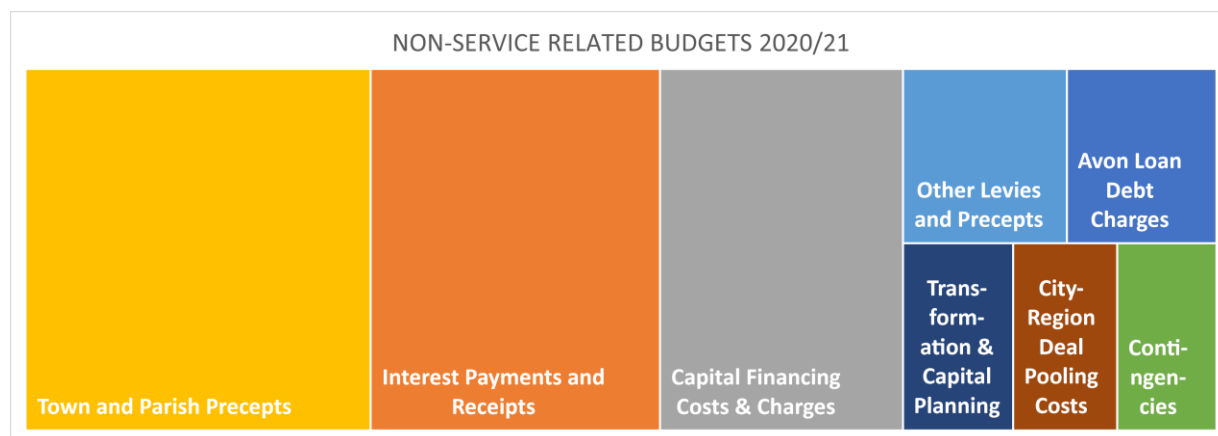
Monitoring records for the year show increased levels of expenditure on adults’ domiciliary home care services, which was more than offset by reduced levels of spending on new residential and nursing care packages as more people chose to stay in their own homes, rather than transfer into a care facility. It is anticipated that this position may change in the future as the impacts of the pandemic reduce and the demand for care placements return to normal levels. The Council also incurred additional expenditure on existing residential and nursing care packages where exceptional special needs (ESN) were identified and packages were enhanced, which was also attributable in part, to Covid. Further details relating to this area are provided within the Performance section of the narrative report.

Much of the Council’s revenue spending has been discharged on business-as-usual services and activities although in 2020/21 expenditure charged to the revenue budget has also included Covid-19 related activities, pressures and impacts. Some of the Covid spending is directly attributable to the grant funding provided by the Government to support businesses, social care and leisure providers, or to develop and maintain policies and plans which actively contain Covid out-breaks and manage their spread to prevent the virus from spreading and harming more people. However in addition to this, the Council has also incurred unbudgeted costs which are more general in nature, such as facilitating staff to work from home or for the community to continue to access and engage with democracy by enabling virtual meetings to be held online.

Whilst most of the Council’s spending is allocated to specific directorates and is easily understood, an element of the budget covers functions that do not directly correspond to a front-line service or

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which are outside of daily spending decisions. The graphic below shows the relative values of the component parts of the Councils £20.8m 'non-service' budgets at the start of the year, with the largest areas of spending being on town and parish council precepts (£6m), interest payments (£5m) and capital financing costs (£4m). The Council's budget does include a Contingency provision of £0.9m which can be used to fund unexpected or unplanned pressures.



The budget monitoring reports presented to Members during the year do not include the statutory or technical accounting adjustments required for inclusion within the Comprehensive Income and Expenditure Statement, which provides an overall summary of the Council's income and expenditure at the end of the financial year in accordance with proper accounting practice.

However, the monitoring reports do include amounts transferred to or from the Council's usable reserves, as Members make decisions regarding the planned use of such resources, and so need to understand the financial impacts of these decisions.

A reconciliation table has been included in Note 10 to show how the revenue out-turn position reported to Members reconciles to the financial performance reported in the Comprehensive Income and Expenditure Statement (CIES). The transfers to and from reserves are separately included within the Movement in Reserves, rather than the CIES.

Monitoring the capital budget in 2020/21

Capital expenditure is defined as amounts which are paid to acquire or improve assets such as land or buildings, vehicles, equipment and roads, which are expected to have a life of more than one year. During the year the Council spent over £41m on capital projects across its service areas, including £28m on schemes delivered by Development and Environment and £8m on schools and educational facilities.

Capital expenditure was funded by receipts from the sale of assets (£2m), contributions from the revenue budget and reserves (£4m), grants and contributions (£32m) and borrowing (£3m).

Balance Sheet

Despite some areas within the revenue budget resulting in overspends, and the growing budget pressures likely to be faced in the future, the Council maintained a Balance Sheet with a positive net worth of £22 million at the year end, although it is recognised that some elements within the accounts, e.g. valuations relating to property and investment based assets and long-term liabilities, continue to be impacted by Covid-19.

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	2019/20	2020/21
	£000	£000
Non-current assets	412,533	442,744
Net current assets - debtors, stock and cash less short-term creditors and liabilities	48,976	57,674
Long-term liabilities and provisions	(454,085)	(478,377)
Net Assets	7,424	22,041
Represented by:		
Usable Reserves	(65,682)	(101,344)
Unusable Reserves	58,259	79,303
Total Reserves	(7,423)	(22,041)

The total reserves held by the Council at the end of the year were £22.0m, which is significantly higher the amount held at the end of the previous year. This total is net of £79.3m 'unusable' reserves (such as the deficit on the Pensions Reserve), which are technical adjustment accounts operated by the Council rather than cash monies available to spend.

The financial impact of Covid-19 on the Council's Balance Sheet can be seen most notably within the usable reserves balance, which has increased to £101m at the end of the financial year. A large proportion of this increase relates to smoothing impacts across financial years. An example being accounting requirements for Business Rates and the receipt of a government grant being recognised in 2020/21, which was provided to fund the associated income losses which will be realised in a future financial year.

Within usable reserves, the Council has separated its earmarked reserves into sums allocated to directorate priorities from those sums managed on a corporate basis to cover both financial risk and strategic priorities. The Council has a process to ensure such reserves are regularly reviewed. The on-going review will utilise available reserves to mitigate Covid-19 impacts where appropriate.

Held within the usable reserves total is the Council's **General Fund balance**, which is the reserve the Council uses to cover immediate or unplanned financial risks. At the year-end, the balance was maintained at **£9.053m**, which equates to approximately 5.4% of the original 2020/21 net revenue budget, a level deemed prudent by the Section 151 Officer.

However, it should be recognised that this assessment would be more robust in a 'pre-Covid' environment, than at present. Although the Government have provided additional funding throughout the 2020/21 financial year to fund Covid impacts, and some into the first quarter of 2021/22, there remain risks and uncertainties, which means that the Council may potentially be required to utilise a proportion of the resources held in the reserve during the 2021/22 financial year to fund any sustained or unknown pressures.

As noted above, risks and uncertainties are captured within the relevant risk registers. They are largely driven by the national response, guidelines and restrictions in relation to Covid-19, and the direct and indirect impacts this may have on Council services and financial resource plans.

Collection Fund

The Collection Fund Adjustment Account is the reserve established to account for the Council's share of any surpluses or deficits arising from the in-year performance of its council tax and business rates income and expenditure. It is classed as an 'unusable' reserve within the Balance Sheet, as the funds

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cannot be accessed at the end of the year, but will be transferred into the General Fund in a subsequent financial period.

At the end of the year the account shows a significant net deficit of £15.4m in respect of the Council's ongoing council tax and business rate activities. The majority of the deficit relates to business rate activities, and was generated following the Government's decision to grant relief to those businesses operating within the retail, hospitality and leisure sectors during 2020/21. As noted elsewhere within the report, the Government has provided grant funding to cover these Covid-related income losses, which was recognised within the Comprehensive Income and Expenditure Statement, and transferred into an earmarked reserve at the year-end, so that that it can be held and used to offset the deficit in subsequent years.

Council tax income within the Collection Fund was lower than anticipated due to an increase in the amount of discounts awarded, the tax base being lower than estimated and a small reduction in the in-year collection rate, all of which can be seen as impacts of the pandemic. The Government has considered these issues across local government as a whole, and established a framework to provide a mix of financial support which enables councils to spread Covid-related losses over a three-year period, and provides a local tax income guarantee grant to cover eventual losses.

Treasury management, borrowing and cash-flows

The Treasury Management Strategy is reviewed annually, and its main purposes are to:

- manage cash flows – ensuring cash is available when needed and investing surplus balances in a low risk way
- fund capital plans - capital plans often require longer term cash flow planning which may involve arranging loans or using longer term cash flow surpluses

The Strategy provides the framework within which authority is delegated to the Director of Corporate Services to make decisions on the management of the Council's debt and investment of surplus funds. The Strategies for 2020/21 and 2021/22 were presented to the Executive in February 2020 and 2021, and can be found on the Council's website in the relevant minutes.

The investment strategy is to continue to hold a diverse portfolio of investments (notably short-term unsecured bank and building society investments) and/or higher yielding asset classes. In previous years the Council has invested monies in longer-term investments such as the Churches, Charities and Local Authorities (CCLA) Property Fund and multi asset funds, which have provided higher yields than traditional cash-based investments.

Investment returns remained very low throughout 2020/21 due to the worldwide impact of Covid-19 on the wider economy. Low interest rates are likely to continue to impact on the returns and share prices of both the Council's short-term and longer-term investments, but given that the 'emergency' phase of the pandemic appears to have passed, the Council will now focus efforts on improving the returns from its investment decisions as opposed to focusing almost entirely on the immediate liquidity type issues, as the Council managed the high volume and value of Covid related grant receipts and payments during the year.

Further information relating to investments and their performance can be found within the Financial Instruments note and the Financial Performance section of the Narrative Report.

Whilst an element of the Council's capital programme generated a borrowing requirement, this was largely financed internally by utilising short-term cash balances and non-material interest free borrowing from Salix Finance Ltd, who provide Government funding to the public sector to improve

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energy efficiency, reduce carbon emissions and lower energy bills. As a result, no new long-term borrowing was taken with the Public Works Loan Board during the year. With the continuing environment of low interest rates, we will continue to manage cash balances whilst considering the need to incur further external borrowing over the next few years.

Pension assets and liabilities

The deficit within the accounts relating to employees' pension funds is £298.9m as at 31 March 2021, which is a net increase of £30.7m from the opening balance deficit of £268.2m. This balance reflects the value of pension liabilities which the Council is required to pay in the future as they fall due, offset by the value of assets invested by the pension fund. Each year the Council incurs a cost within its revenue budget that covers the future service cost for those employees within the pension fund, which is converted into a % of pensionable pay, as well as a financial contribution in respect of a past service deficit position. These values are reviewed every three years as part of the Pension Fund Triennial Review. This review will influence the Council's future employer's pension contributions.

Financial performance outputs

One important way in which we measure and monitor outputs is by reference to activity and unit cost data. This is particularly relevant to key council spend areas such as adults' and children's social care, and waste. The 2020/21 out-turn data indicates summary information in these areas.

Adult Social Care

The table below illustrates the average number of adult social care clients supported during 2019/20 and 2020/21, together with the average weekly unit cost. The data can usefully either be split by the type of care received or in accordance with the clients' primary support reason. The cost information is shown gross, before any client contributions.

In broad terms, it can be seen that nursing and residential care is more expensive than non-residential or community-based services. The Council's strategy is to maximise independence and, where appropriate, ensure that people can remain in non-residential services for as long as possible. It is also interesting to note that spend on adults with learning disabilities and mental health conditions, where unit costs are higher, now outweighs the spend on adults with physical support or memory and cognition needs.

The 2020/21 year has seen a significant fall in numbers of basic placements in residential and nursing care, which largely relates to the Covid-19 pandemic. However, those reductions have been more than offset by increases in Extra Special Needs placements (which are essentially those that cannot be made at the basic rate) and increases in spend in home care and supported living. Overall, the average number of packages has reduced by around 3%, while unit costs have increased by 6.9%.

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Adult Social Care Packages	Average Number of Clients 2019/20	Equivalent Gross Expenditure 2019/20 £	Average Weekly Unit Cost 2019/20 £	Average number of clients 2020/21	Equivalent Gross Expenditure 2020/21 £	Average weekly unit cost 2020/21 £
By Care Type:						
Long Term Care						
Residential	736	20,293,891	528.54	705	20,573,455	559.33
Residential ESN	243	10,383,645	820.73	263	11,674,908	850.80
Nursing	341	10,735,201	603.75	308	10,272,233	640.31
Home Care	949	8,859,236	178.98	924	9,645,252	200.28
Supported Living	240	8,572,780	684.26	263	9,624,542	701.82
Direct Payment	333	8,471,353	487.35	319	8,244,322	495.12
Day Care	256	1,804,883	135.21	226	1,698,525	144.24
Extra Care	123	1,542,692	239.65	125	1,578,488	242.66
Nursing ESN	51	1,225,344	464.92	55	1,566,139	551.11
Shared Lives	48	1,109,542	445.84	47	1,236,913	503.82
Short term Care						
Short term - Residential	43	1,189,238	536.07	35	1,016,442	563.66
Short term - Nursing	18	573,276	595.75	19	634,800	652.19
Reablement	15	175,527	224.42	12	155,382	248.33
Enablement - Nursing	10	307,103	588.96	2	76,140	634.87
Enablement - Residential	14	362,908	487.63	3	50,285	373.30
TOTAL	3,421	75,606,617	423.86	3,304	78,076,321	453.13
By Primary Support Reason:						
Physical Support	1,767	33,014,422	358.41	1,632	32,539,020	382.43
Learning Disability	957	27,594,673	553.10	972	29,284,675	578.05
Mental Health	379	8,574,824	433.69	368	9,397,427	489.96
Memory & Cognition	226	5,058,856	429.81	234	5,276,163	432.42
Other	93	1,363,844	281.25	99	1,579,035	304.96
TOTAL	3,421	75,606,617	423.81	3,304	78,076,321	453.13

The year has also been financially challenging for our adult social care providers and the Council has provided over £10m of additional payments for temporary fee uplifts and grants relating to infection control, testing and workforce capacity, in order to support them with exceptional additional costs, as well as providing Personal Protective Equipment (PPE) and other support. The reduction in the number of placements in care homes means that some homes are operating at capacity levels significantly below those in 2019/20, which is not sustainable in the medium term. The Council recognises these challenges, and continues to provide as much support as is possible, with a recovery package of £1.53m having been approved for delivery in 2021/22.

During the pandemic, the Council has worked closer than ever with its partners in the NHS, implementing a new "Discharge to Assess" model for hospital discharge. This is designed to reduce the time people spend in hospital, when they no longer need acute care, but to ensure that they have access to appropriate health and social care services, and that their assessment for longer-term care and support needs is then undertaken in the most appropriate setting and time for the person.

Challenges for 2021/22 will be to continue to ensure sufficiency in the care market and to respond to the expected increases in demand for care services, whilst delivering against our Maximising Independence Transformation Programme, and awaiting the Government's proposals on social care reform.

Looked After Children

The table below illustrates the number of children's placements made during the year, together with the average annual unit cost of each type of placement.

For the first time in many years, 2020/21 has seen a reduction in spend on children's placements; this partly relates to an overall reduction in the number of children being placed, but also a shift

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away from residential and independent foster care to local in-house fostering, kinship and special guardianship. This is in part due to revised commissioning arrangements and a focus on permanency planning.

Children's Placements	Average Number of Clients 2019/20	Gross Expenditure 2019/20 £	Average Annual Unit Cost 2019/20 £	Average number of clients 2020/21	Gross Expenditure 2020/21 £	Average annual unit cost 2020/21 £
By Care Type:						
Residential	16.0	3,672,054	229,935	12.0	2,489,397	207,623
Independent foster care	64.4	2,782,445	43,239	51.8	2,197,614	42,466
Supported Independent Living	7.5	1,260,406	169,182	10.3	2,115,739	205,013
In-house foster care	74.1	1,309,555	17,663	74.2	1,204,017	16,235
Special Guardianship	67.5	456,532	6,761	74.3	560,846	7,549
Kinship	40.2	483,858	12,042	41.1	547,392	13,328
Parent and Baby	1.5	257,221	176,179	2.2	240,250	110,207
	271.1	10,222,071	37,710	265.8	9,355,255	35,202

As our Improvement Programme continues, we expect to see further reductions in spend, particularly as we commission more cost effective and local placement for 16 and 17-year olds approaching leaving care. In addition, as we enhance our support to in-house foster carers, we expect to increase recruitment and placements in this area.

There is some concern however that, once lockdown measures are eased that there may be an increase in referrals and, as a result, an increase in the need for placements. This has been flagged within our risk register and so has been factored into the 2021/22 budget setting process.

Waste Disposal and Processing

The table below shows the weight and unit cost of waste that was sent to landfill or for other processing in 2020/21 and compares this to the 2019/20 activity.

Waste Disposal	Number of tonnes 2019/20	Gross expenditure 2019/20 £	Weighted average cost per tonne 2019/20 £	Number of tonnes 2020/21	Gross expenditure 2020/21 £	Weighted average cost per tonne 2020/21 £
By Waste Type						
Residual Waste - Landfill	20,404	2,308,543	£113.14	11,237	1,306,189	£116.24
Residual Waste - Treatment	19,468	2,088,368	£107.27	30,794	3,404,893	£110.57
Food Waste - Treatment	6,980	436,183	£62.49	7,908	459,218	£58.07
Garden Waste - Treatment	19,109	416,395	£21.79	19,213	424,415	£22.09
Total	65,961	5,249,489	£79.58	69,152	5,594,714	£80.90

The volume of waste collected in 2020/21 increased by 4.8% compared to 2019/20. This was as a result of Covid-19 pandemic, as residents observed lockdown and social distancing measures and were at home more, causing an increase in household waste.

This was partially offset by a reduction in waste disposed of at household waste recycling centres, as the facilities were closed for a period of time during the first lockdown, and residents were initially more cautious in using them when reopened.

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Despite the increase in volume, the recycling rate marginally improved to 60.62% compared to 60.59% in 2019/20. The last published data by DEFRA showed North Somerset Council had the 9th highest recycling rate amongst English local authorities.

Expected tonnage levels remain uncertain in 2021/22, as residents working lives and behaviours may not return to how they were before the pandemic.

To help respond to an emerging trend of increased tonnages, a new West of England waste disposal contract has been agreed, aiming to divert waste from landfill to an energy from waste plant. This has been a success in 2020/21, and it is hoped that the amount of residual waste diverted from landfill will continue to increase throughout 2021/22.

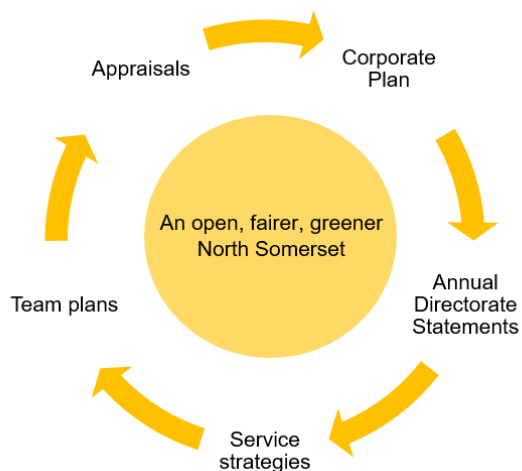
Despite the national Covid challenges faced by everyone across the country, the waste collection service continued to operate throughout the year. The Council did however need to support the waste contractor by providing additional funding so that it could maintain a safe level of staffing to deliver the service whilst observing national guidelines, including social distancing measures.

In 2020/21 a decision was made to terminate the existing waste collection contract early and to deliver the waste services through a local authority trading company. The North Somerset Environment Company Limited (NSEC) was formed at the end of the financial year and will be delivering the waste services for 2021/22. This change in arrangements had minimal impact on expenditure for the year, but is integrated into the Council's strategic financial planning into the medium-term. It is anticipated that the Council will utilise measures to smooth financial impacts until it has developed and approved business plans for the company.

Non-financial performance monitoring

The Council gathers information and data from across the organisation to ensure that it is effectively and efficiently monitoring its own performance in an open and transparent manner. This is undertaken by the Business Intelligence team. They utilise the Performance Management Framework, which was recently shared with the Audit Committee, and brings together both national and local statistics and compares these to inputs, activities and outputs within the Council.

The services we provide have an impact on every resident and business in the area. We have a clear and comprehensive mechanism for business planning within the Council. The key components of the business planning process are illustrated in the graphic below. Our business planning process utilises



Annual Directorate Statements (ADS) which set out how we are going to achieve the ambitions and outcomes we have identified within the Corporate Plan, and the resources and skills each directorate, service and team need to do this. Service strategies, team plans and individual appraisals ensure that all staff are clear what their priorities are, and how they are helping to contribute to the delivery of Corporate Plan aims and objectives.

The way that the Council manages its business and delivers services to residents is changing rapidly. Our population continues to grow and people are living longer, bringing increased

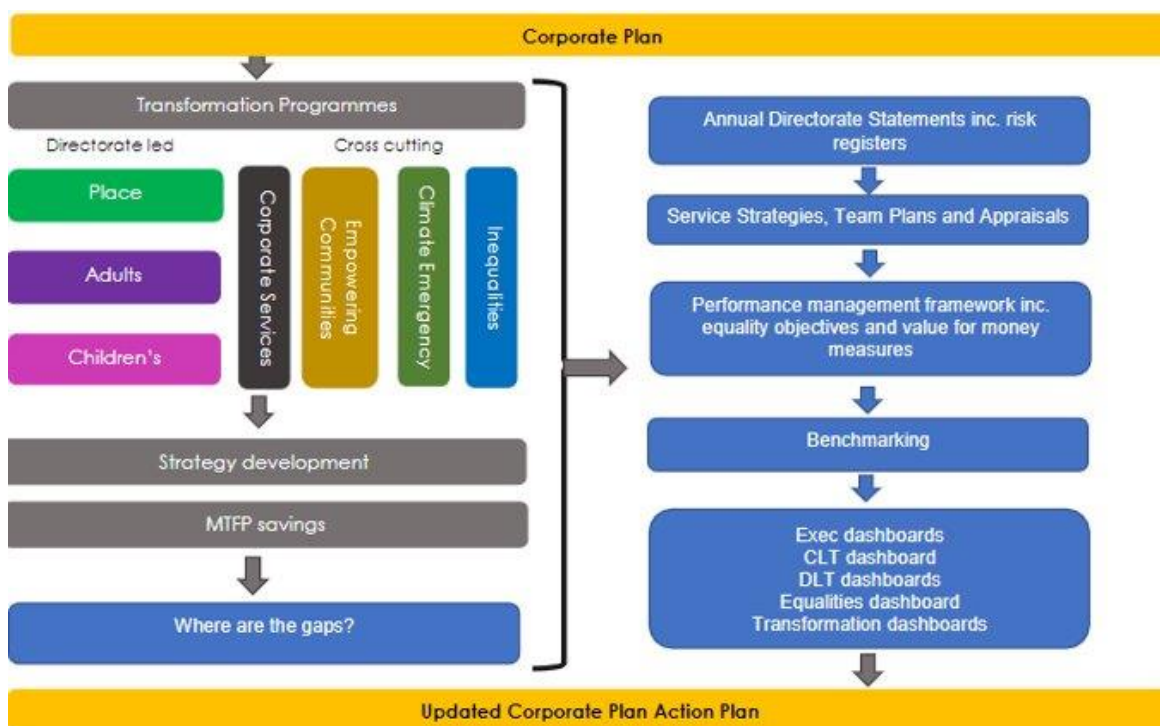
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demand for services. Technological change, recently escalated by the Covid pandemic, is also having a huge impact, from how and where we work, to how we socialise.

Achieving our vision for North Somerset requires a new relationship with residents, striking the right balance between providing public services and enabling people to do things for themselves.

The Council's transformation vision aims to address these challenges and it has helped us identify and unlock financial savings in the last few years, enabling us to be more efficient and to prioritise resources for frontline services.

In the past we have promoted regeneration and economic growth, and improved the way we work both within the Council and with our partners. The Council's vision for the future builds on this foundation, but broadens it to ensure that all areas of the Council's services are integrated into a Transformation Programme. The graphic below provides an overview of the updated transformation arrangements and how they integrate with the Corporate Plan, Financial Planning and the Performance Management Framework, with the Corporate Leadership Team take an overarching strategic role in bringing things together, and monitoring outcomes.



Performance outputs

Each quarter the Corporate Leadership Team receives a performance report on a wide range of indicators to ensure that the priorities of the Council are being met, services are being delivered to customers, income targets and cost reductions are being achieved, and to identify issues which may require further strategic action. Reports are also considered by the Executive, as well as Policy & Scrutiny Panels, who may choose to provide in-depth focus on specific elements of the report or performance outcomes.

Performance is compared to locally set targets, and, where available, national and regional benchmarks. Targets are agreed prior to the start of each year, and action plans are developed throughout the year to take remedial action where Council performance has not met planned targets. Monitoring shows that some indicators have been impacted by the Covid-19 pandemic in 2020/21, and corrective action will be resumed once the situation returns to pre-Covid

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circumstances. For example, waste collection and recycling performance has been impacted due to higher volumes collected during the Covid-19 lockdown, and in an effort to reduce homelessness during the lockdown period, Government policy was to provide temporary accommodation to as many affected residents as possible.

Some of the key performance indicators across the range of activities are shown below, comparators are shown in the following table:

Measure	Performance Output 2019/20	Target 2020/21	Performance Output 2020/21	RAG rating 2019/20	RAG rating 2020/21
A thriving and sustainable place					
The percentage of minor planning applications determined within 8 weeks or agreed time limit	94.1%	>75%	87.0%	Green	Green
The number of crimes overall in North Somerset (12 months, April to Mar)	14,871	<14,871	15,622	Amber	Red
The number of anti-social behaviour incidents overall in North Somerset (12 months, April to Mar)	3,072	<3,072	3,502	Green	Red
Residual waste collected (kg per household)	402.5kg	402.5kg	414.91	Green	Red
The percentage of household waste recycled	60.6%	60.0%	59.8%	Green	Amber
The percentage of potholes repaired within 28 days	94.0%	90%	98.3%	Green	Green
The number of households living in temporary accommodation	92	<70	74	Red	Red
Claimant count for those on out of work benefits in North Somerset (aged 16-64 years)	2.8%	<5%	4.6%	Green	Green
A Council which empowers and cares about people					
The percentage of people who are satisfied with the way their adult safeguarding concern was handled	92.2%	>95%	94.0%	Amber	Amber
The number of early help interventions	1,037	>1000	986	Green	Amber
Overall satisfaction of people who uses services with their care and support (Adult Social Care Survey)	68.1%	>68%	69.4%	Green	Green
Number of people in permanent care home placements age 65+ remains stable	845	875	770	Green	Green
Number of people in permanent care home placements age 18 - 64 remains stable	204	204	192	Green	Green
The number of shared lives placements	91	96	93	Amber	Amber
The percentage of care leavers who are EET (in education, employment or training) (aged 19 - 21 years)	46.50%	>65%	43.00%	Red	Red
The percentage of care leavers who are EET (in education, employment or training) who are education / work ready (aged 19 - 21 years)	63.90%	>70%	54.00%	Red	Red
The percentage of care leavers who are in suitable accommodation	93.50%	>90%	93.00%	Green	Green
Rate of children who are Looked After entering care (per 10,000)	53.7	52.0	49.0	Green	Green
The number of North Somerset foster carers	62	>70	66	Red	Amber
KS4: the gap between Free School Meal and Non-Free School Meal Attainment 8 score	15.8	<15.8	15.4	Amber	Green
An open and enabling organisation					
The percentage of customers satisfied with online services	38.00%	40%	16.50%	Red	Red
The percentage of customer satisfaction via telephone	85.43%	>82%	99.00%	Green	Green

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In addition, our financial objectives and measures are laid out in the assumptions supporting our Budget and Medium Term Financial Plan, and our performance against these for 2020/21 is as follows:

Measure	2019/20 Performance	2020/21 Target	2020/21 Performance	RAG rating 2019/20	RAG rating 2020/21
Net revenue budget out-turn	Net Revenue Outturn in line with budget (no under / over-spend)	Within 1.5% of budget	Net Revenue Outturn in line with budget (no under / over-spend)	Green	Green
General Fund balance	General Fund balance was £9.053m, 5.7% of the net revenue budget	Minimum of 5% of net revenue budget	General Fund balance is £9.053m, 5.5% of the net revenue budget	Green	Green
Council Tax increases	Increase of 2.75% - Within the government capping limit of 3%	Within government capping limit	Increase of 1.99% - Within capping limit of 2% Adult Social Care precept of 3% - Within the government capping limit of 3% over 2 years	Green	Green
Council Tax base growth	The tax base grew by 0.73%, compared with a planned growth of 1.54%	As per forecast	The tax base reduced by 0.58%, compared with a planned growth of 0.86%	Red	Red
Collection rates:-					
· Council Tax	98.0%	97.8%	97.6%	Green	Amber
· Business Rates	98.4%	98.2%	89.8%	Green	Red
· General Debtors	95.0%	85.0%	90.7%	Green	Green
Payment of general creditors	91.6% within 30 days	85% within 30 days	99.7% within 30 days	Green	Green
Capital investment programme	Actual capital expenditure outturn £50.9m	Forecast capital programme £66.4m	Actual capital expenditure £47.8m / 72%. Slippage into 2021/22	Green	Red
Return on short-term investments	Actual income £0.8m	Budgeted income £0.8m	Actual income £0.4m	Green	Red
Return on long-term investments	Actual return 4.35%	Budgeted return 3.8%	Actual return 4.21%	Green	Green
Net income from commercial investment property	Actual net income £1.223m	Budgeted net income £0.915m	Actual net income £0.079m	Green	Red
Borrowing	Actual borrowing £149.6m, which is below net revenue budget of £158.8m	Not to exceed net revenue budget	Actual borrowing £151.0m, which is below net revenue budget of £166.0m	Green	Green
Revenue costs of borrowing	Actual borrowing costs £12.3m, which equates to 7.7% of the net revenue budget	Not to exceed 10% of the net revenue budget	Actual borrowing costs £12.2m, which equates to 7.4% of the net revenue budget	Green	Green

Performance within some of the financial indicators was adversely affected by Covid-19 throughout the year, and the impacts for some of these measures have already been described elsewhere within the narrative statement. For example, reduced levels of collection for council tax and business rates and lower levels of growth within our tax-base.

As can be seen from the table above, the outcomes for each of these measures can have a very real impact on the Council's financial well-being. Corrective actions or plans have been put into place where possible to ensure that the long-term future sustainability of the Council is protected. This highlights the importance of the framework, and the reason we choose to monitor these important indicators in detail. All of the outcomes have been integrated into the Council's financial monitoring

Narrative Report

processes, and the impacts are featured within the budget monitoring reports or the statutory accounts, whether on the face of a core statement or described in a supporting note or working paper.

It is important to note that all councils have similar frameworks to monitor and assess financial performance. Whilst some of the measures may appear generic in nature, individual factors, circumstances and approaches to risk can mean that they are not directly comparable to other authorities.

4. Looking ahead in the Medium Term

Looking ahead with the revenue budget planning in the medium term

For 2020/21 the Council received its second one-year settlement from central government, which in essence was a 'rolled-over' funding package based on levels from the previous financial year.

Whilst this did not provide any of the delayed reforms intended for local government finance or any financial certainty across the medium-term, the government did continue to recognise the pressures faced by councils in respect of adult social care, meaning that the Council received additional grant funding towards these pressures, and was permitted to levy a 2% Adult Social Care Precept by increasing council tax.

As a result, total resources going into 2020/21 increased by over £6m over the previous year. However, the Council still had to make savings of over £5.230m to set a balanced budget, due to inflationary cost rises, increases in demand for adult and children's social care, home to schools transport services and special educational needs, and changes in income levels.

As Government funding and the regulatory framework continues to be uncertain, income generation and a wider sense of commercialisation has become more of a priority for the Council. The Council is developing plans to maximise its current sources of income, to identify new income streams and to take a more commercial approach to understand its cost drivers and commissioning arrangements.

A strong emphasis has once again been placed on maximising income from council tax and business rates, with work continuing to encourage new house building, and to accelerate and generate new business growth particularly in Enterprise Areas, which very much align with the regeneration ambitions of the Council, as well as the recovery needs of the district as we emerge from the Covid-19 pandemic.

The Council's latest medium-term financial modelling for the three years 2021 to 2024, shown in the table below, was published in February 2021.

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
Projected Revenue Resources					
Government Grants	14,699	17,538	24,030	13,170	12,723
Council Tax & Business Rates	138,998	143,896	147,845	153,577	158,192
Other	279	(1,404)	(558)	(981)	(981)
Total Resources	153,976	160,030	171,317	165,766	169,934
Net Revenue Budget					
Base Budget	153,259	153,976	160,030	171,317	165,766
Growth items	11,571	12,208	13,763	8,395	10,077
One-off Covid items	0	0	4,975	(4,975)	0
Grant Income and Savings Proposals	(10,854)	(6,154)	(7,451)	(1,155)	(1,040)
Savings Requirement	0	0	0	(7,816)	(4,869)
Revised Base Budget	153,976	160,030	171,317	165,766	169,934

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This modelling reflects the limited funding information released by the Government at that time, and the Council's estimates of locally generated resources and anticipated cost increases for inflation, superannuation and service demands. However, there remains many uncertainties over events and impacts which may emerge even in the short-term.

As can be seen from the table, the Government has provided additional one-off, short-term funding to cover the potential financial impacts of the pandemic for the first quarter of the 2021/22 financial year. Whilst these sums were incorporated into the revenue budget, no definitive spending plans were approved at that time.

The budget short-fall across the remaining two years of the plan is currently over £12m, with the largest savings target projected to be in 2022/23. As noted above, several elements of the forecast made at that time were uncertain. Examples include the amount of government support for the long-term funding solution of adult social care services, the wider funding back-drop for local government as a sector in terms of the multi-year Spending Review and legislative changes relating to the Fair Funding Review and Business Rate Review and Re-sets.

The Covid-19 pandemic will continue to impact on our financial forecasts for 2021/22 and beyond, in excess of the additional funding already allocated by the Government.

The Council's financial planning regime is a well-established and continuous process, and work has already begun to update these values, bringing in the latest information available in preparation for budget setting for 2022-23 as part of the Medium Term Financial Plan. We will continue to update and publish such forecasts on a rolling basis. Whilst the financial plans indicating a savings requirement could appear daunting, the Council has a strong record of demonstrating good financial management, meaning that over recent years savings plans have been identified and delivered, and more importantly budgets have been set and balanced without the need to call on the General Fund reserve balance.

Looking ahead with the five-year capital programme

In the same way that the Council plans and prepares for its revenue budget, we also have similar plans for our capital programme, which looks ahead on a five-year horizon. The programme is ambitious and seeks to deliver the needs of our growing communities, but also to deliver real transformation change within the environment we live and work in.

Further details are contained within the Capital Strategy, which provides the framework within which the Council's capital investment plans are to be delivered. The latest Capital Strategy, which was approved in February 2021, provides:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services,
- an overview of how the associated risk is managed,
- the implications for future financial sustainability

The Capital Strategy and Programme will be revisited in the light of the Covid-19 pandemic to ensure that the policies and development plans remain current, or to assess if changes need to be made to ensure focus is given to recovery and renewal elements in the short-term. Capital spending forecasts will also be reviewed to reassess cost projections and funding streams, which may be exposed to financial risk should there be Covid impacts, for example, construction delays or additional costs from increased social distancing measures.

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Accounting changes in the year and looking ahead

There are no significant changes to the requirements of the Code and underlying accounting standards impacting on this year's financial statements over the prior year. Note 5 of the financial statements details the impact of accounting standards which have not yet adopted into the Code of Local Government accounting on future year's accounts. The impact of the implementation of a new accounting standard IFRS16 Leases, which has been previously been deferred and now expected to be fully implemented in 2022/23, on the Council's accounts cannot yet be fully quantified.

The Council is likely to need to prepare group accounts for the first time in 2021/22, to include the financial impact of its new subsidiary, North Somerset Environment Company Ltd, whose transactions are expected to become material to the Council's accounts during the year.

5. Summary Position

The 2020/21 financial year has been dominated by the impacts and events brought about by the Covid pandemic and this has been at the fore of the Council's thoughts, plans and actions over the past year.

Covid-related impacts, risks and forecasts have been assessed and incorporated into the Council's monitoring and governance processes throughout the year to ensure that all impacts were quantified and compared to the amounts of known resources available. This provided an assurance framework to the Corporate Leadership Team, to support and enable strategic decisions to be made knowing that that they could be funded without serious impact on the Council's overall financial sustainability.

Significant levels of additional resources have been allocated to the Council throughout the year and these have also been closely monitored and considered when bringing together the overall financial position. It has been important to understand the purpose and nature of this funding at the outset to determine how the Council should reflect these monies within its budget or other financial records, particularly as a lot of this funding has been given to deliver national government objectives within a local setting.

Monitoring reports throughout the year have detailed the turbulent events of the Council's Covid journey and have shown that it has faced an extremely challenging financial outlook at the same time that it has responded to the very real impacts of coronavirus on individuals, services and businesses within our communities.

We can see that Covid-19 has impacted on the majority of the Council's existing services in some way or another, as well as on a significant number of providers and suppliers, who have either requested additional support or who have been required to implement some form of change to service delivery.

The scale, breadth and pace of change over the past year has been tremendous and the Council has adopted an agile approach, and in some cases, has had to stop or reduce some services, whilst at the same time standing up new services to reach those in urgent need. The Council has also worked closely with other partners and stakeholders, such as town and parish councils, voluntary and charitable organisations, health partners and the police to name just a few.

Although this has been a year of profound change, risk and uncertainty, the financial impacts as detailed throughout the financial statements show that the Council has managed to deliver within its overall resource envelope and achieve a balanced budget, as well as setting monies aside to help

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mitigate risk and provide support in future years. The balanced out-turn position and maintaining the General Fund working balance at the same level were notable achievements and are outcomes which will help bring financial stability in future years.

The Council's approach to financial planning over the medium-term includes a focus on investment, driving regeneration and building income and growth plans. This would further strengthen our position by developing financial resilience through reducing exposure to any possible reductions in government funding, although will be in part dependent upon the wider economic recovery of a post-Covid world and so a key part of the Council's vision is to support local recovery and renewal activity, led by the Chief Executive and the Corporate Leadership Team.

The Council is acutely aware that there remain uncertainties to be faced in the weeks, months and years ahead as the Covid journey continues, but it also recognises that it needs to consider and deliver against the broader strategic vision and Corporate Plan aims that it has set for itself and for the local communities it serves.

That being said, it is important to pause and look back once again, and highlight how the Council has responded to the many, many challenges it has faced over the course of the past year, the collective performance from everyone involved has contributed to the successes achieved, in what can only be described as a life-changing year.

Updates on the Council's finances are provided throughout the year in the free magazine North Somerset Life and through reports available on the Council's website. If you have any questions or would like more information, please call our Financial Management team on 01934 634619, or e-mail the Head of Finance on Melanie.Watts@n-somerset.gov.uk. You can obtain additional copies of this report by writing to Melanie Watts, Head of Finance, North Somerset Council, Town Hall, Walliscote Grove Road, Weston-Super-Mare, BS23 1UJ.

Insert Amy's signature

Amy Webb

Director of Corporate Services and s151 officer

XX July 2021

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6. Basis of Preparation and Presentation of the Accounts

The Council prepares its Statement of Accounts on a going concern basis, under the assumption that it will continue in existence into the foreseeable future, and this remains valid despite the uncertainties currently being experienced as a result of the Covid-19 pandemic. Disclosures are included within the Statement of Accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

The Council considers disclosures against an internally calculated materiality threshold which is reviewed each year. However individual items of income and expenditure over £6m which are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES) are considered to be significant and are disclosed in Note 3. As already discussed, some disclosures are included due to their nature even if the value of transactions is not over the materiality threshold, an example of this is Note 18 Officer's Remuneration.

The assessment of materiality also influences the Council's decision to produce Group Accounts. Each year the Council assesses the entities it exerts control or significant influence over to identify which fall into the group boundary. If the value of transactions for the group as a whole is material, Group Accounts would be produced. The Council has made a judgement that group company activities are not sufficiently material for there to be a requirement to produce group accounts for 2020/21.

Explanation of the Financial Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2021. It comprises core and supplementary statements, together with disclosure notes. The format of the Accounts follows best practice as defined in the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code") and incorporates the requirements of International Financial Reporting Standards.

The Code is updated annually to reflect new or updated accounting standards. There are no significant changes to the Code in the current year which impact on the core financial statements.

The figures presented in the financial statements are rounded to the nearest thousand pounds and therefore, due to the complexity of the statements and their interdependencies, some rounding differences will arise. Resulting differences are considered trivial and immaterial to the presentation of the financial statements.

The Core Statements are:

[Movement in Reserves Statement \(MIRS\)](#) - shows the movement from the start of the year to the end on the different reserves held by the authority, analysed between 'usable reserves' and 'unusable reserves. Usable reserves can be applied to fund expenditure or reduce local taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. For example, the capital receipts reserve can only be used to fund capital expenditure or repay debt. 'Unusable reserves' relate to technical accounting adjustments, and cannot be used to fund services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences, shown in the movement in reserves statement line 'adjustments between accounting basis and funding basis under regulations'). The statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices (in the CIES),

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and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/decrease line shows the movement in the statutory General Fund balance in the year, following those adjustments.

Comprehensive Income and Expenditure Statement (CIES) - shows the cost of providing Council services during the year, adjusted to reflect required accounting transactions such as depreciation and impairment, in accordance with generally accepted accounting practice, rather than the amount funded from council tax. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may differ from the accounting cost. The Expenditure and Funding Analysis (Note 10) compares the CIES with income and expenditure taken into account when setting the budget and Council Tax, adjusting for certain amounts which are disregarded by statute. An analysis by nature, often referred to as a subjective analysis, of the CIES is given in Note 16.

Balance Sheet - gives a snapshot of the value of the Council's assets and liabilities at the year-end. These net assets are matched by the Council's reserves, which are categorised as either Usable or Unusable (as explained above).

Cash Flow Statement - shows how the Council generates and uses cash and cash equivalents (assets which are readily convertible into cash) during the year, and explains the reasons for the changes in the year. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

The supplementary financial statements are:

- The **Collection Fund** - shows the billing authority transactions relating to the collection of Council Tax and Business Rates, and the relevant distributions to precepting bodies. North Somerset's Council Tax precepting bodies are the Council itself, the Avon and Somerset Police and Crime Commissioner, and the Avon Fire and Rescue Service. The Business Rate precepting bodies are the Council, Central Government and Avon Fire and Rescue Service. Each year the Council calculates the surplus or deficit on the Collection Fund, and this is distributed proportionately between the relevant precepting bodies.
- The **Notes to the financial statements** provide more detail about the application of the Council's accounting policies and individual transactions.
- The **Annual Governance Statement** sets out the governance structures of the Council and its key internal controls.
- The **Accounting Policies** set out the policies that have been followed in preparing the accounts, in line with Code requirements.
- A **Glossary** of key terms and abbreviations can be found at the end of this publication.

The Council's Accounts are audited by Grant Thornton UK LLP. However, their review does not cover any external documents or statements included as electronic hyper-links.

Statement of Responsibilities

North Somerset Council's responsibilities

North Somerset Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Corporate Services.
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- approve the Statement of Accounts.

During 2020/21, these responsibilities were undertaken by Richard Penska, the Interim Director of Finance, and Section 151 Officer. Amy Webb took up the post of Director of Corporate Services from May 2021.

The Director of Corporate Services' core responsibilities

The Director of Corporate Services is responsible for the preparation of the Council's Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Director of Corporate Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Director of Corporate Services has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps to prevent and detect fraud and other irregularities.

Certificate

I hereby certify that the following Statement of Accounts gives a true and fair view of the financial position of North Somerset Council at the reporting date, and of its expenditure and income for the year ended 31 March 2021, and hereby authorise the issue of the accounts.

Insert Amy's signature

Amy Webb FCCA

Director of Corporate Services

XX July 2021

Insert Cllr Cato's signature

Cllr John Cato

Chairman of Audit Committee

xx July 2021

Independent Auditors Report and Opinion

External audit opinion to be inserted in audited version of the accounts.

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Primary Financial Statements

Primary Financial Statements

Movement in Reserves Statement

	Note	Usable Reserves									Unusable Reserves										
		General Fund Earmarked Reserves						Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment	Collection Fund Adjustment Account	Pensions Reserve	Accumulated Absences account	Deferred Capital Receipts Reserve	Pooled Investment Funds	Dedicated Schools Grant Adjustment Account	Total Unusable Reserves	TOTAL RESERVES
		General Fund Balance	LMS School Balances	Dedicated Schools Grant	Other Schools Balances	Other Earmarked Revenue Reserves	Earmarked Capital Reserves														
Balance at 1 April 2020	8, 9	(9,053)	(906)	3,847	(351)	(40,260)	(3,885)	(12,028)	(3,046)	(65,682)	(73,712)	(139,265)	405	439	268,236	1,276	(69)	950	0	58,260	(7,422)
Re-statement of opening balances		0	0	(3,847)	0	0	0	0	0	(3,847)	0	0	0	0	0	0	0	0	3,847	3,847	0
Re-stated balance at 1 April 2020		(9,053)	(906)	0	(351)	(40,260)	(3,885)	(12,028)	(3,046)	(69,529)	(73,712)	(139,265)	405	439	268,236	1,276	(69)	950	3,847	62,107	(7,422)
Total Comprehensive Income and Expenditure	CIES	(15,537)	0	0	0	0	0	0	0	(15,537)	(23,350)	0	0	0	24,268	0	0	0	0	918	(14,619)
Adjustments between accounting basis & funding basis under regulations	7	(14,533)	0	0	0	0	0	(101)	(1,644)	(16,278)	4,791	(12,791)	(295)	14,919	6,377	369	10	(405)	3,303	16,278	0
Transfers between Usable Reserves	8.1	30,070	(1,419)	0	17	(26,353)	(2,315)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) / Decrease in 2020/21	8, 9	0	(1,419)	0	17	(26,353)	(2,315)	(101)	(1,644)	(31,815)	(18,559)	(12,791)	(295)	14,919	30,645	369	10	(405)	3,303	17,196	(14,619)
Balance at 31 March 2021 - carried forward	8, 9	(9,053)	(2,325)	0	(334)	(66,613)	(6,200)	(12,129)	(4,690)	(101,344)	(92,271)	(152,056)	110	15,358	298,881	1,645	(59)	545	7,150	79,303	(22,041)

Increases in General Fund Earmarked usable reserves relate largely to Covid grant funding yet to be applied, see Note 8. Increases in Unusable Reserves relates to technical accounting adjustments, and cannot be used to fund services, see Note 9

Primary Financial Statements
Movement in Reserves Statement

	Note	Usable Reserves									Unusable Reserves									TOTAL RESERVES	
		General Fund Earmarked Reserves									Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Collection	Fund Adjustment	Pensions Reserve	Accumulated Absences account	Deferred Capital Receipts	Pooled Investment Funds		Total Unusable Reserves
		General Fund Balance	LMS School Balances	Dedicated Schools Grant	Other Schools Balances	Other Earmarked Revenue	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	£000											
Balance at 1 April 2019	8, 9	(9,053)	(467)	2,376	(362)	(33,159)	(3,724)	(9,764)	(1,524)	(55,677)	(66,657)	(147,143)	436	864	259,303	1,541	(79)	249	48,514	(7,163)	
Total Comprehensive Income and Expenditure	CIES	10,187	0	0	0	0	0	0	0	10,187	(10,036)	0	0	0	(412)	0	0	0	(10,448)	(261)	
Adjustments between accounting basis & funding basis under regulations	7	(16,407)	0	0	0	0	0	(2,263)	(1,522)	(20,192)	2,982	7,877	(31)	(425)	9,343	(265)	10	701	20,192	0	
Transfers between Usable Reserves	8.1	6,218	(439)	1,471	11	(7,100)	(161)	0	0	0	0	0	0	0	0	0	0	0	0	0	
(Increase) / Decrease in 2019/20	8, 9	(2)	(439)	1,471	11	(7,100)	(161)	(2,263)	(1,522)	(10,005)	(7,054)	7,877	(31)	(425)	8,931	(265)	10	701	9,744	(261)	
Balance at 31 March 2020 - carried forward	8, 9	(9,055)	(906)	3,847	(351)	(40,259)	(3,885)	(12,027)	(3,046)	(65,682)	(73,711)	(139,266)	405	439	268,234	1,276	(69)	950	58,258	(7,424)	

Primary Financial Statements

Comprehensive Income and Expenditure Statement

	Note	2019/2020			2020/2021		
		As re-stated			Gross Expenditure	Gross Income	Net Expenditure
		Gross Expenditure	Gross Income	Net Expenditure			
		£000	£000	£000	£000	£000	£000
People & Communities							
Adult Social Care		101,346	(32,685)	68,661	115,000	(41,116)	73,884
Housing Services		4,789	(3,624)	1,165	4,743	(3,650)	1,093
Children & Young People		37,362	(5,923)	31,439	38,326	(5,550)	32,776
Schools Budgets & Grants		65,957	(59,300)	6,657	57,551	(56,737)	814
		209,454	(101,532)	107,922	215,620	(107,053)	108,567
Development & Environment		70,740	(16,108)	54,632	86,284	(34,846)	51,438
Corporate Services		72,071	(63,146)	8,925	71,125	(64,307)	6,818
Public Health & Regulatory services		9,597	(9,415)	182	11,741	(11,343)	398
Non Service		1,809	(1,814)	(5)	3,042	(2,700)	342
Cost of Services	10	363,671	(192,015)	171,656	387,812	(220,249)	167,563
Other Operating Expenditure	11	2,541		2,541	12,572		12,572
Financing and investment income and expenditure	12	40,420	(2,647)	37,773	12,995	(2,566)	10,429
Taxation and non-specific grant income	13		(201,783)	(201,783)		(206,101)	(206,101)
(Surplus) / Deficit on Provision of Services	10,16	406,632	(396,445)	10,187	413,379	(428,916)	(15,537)
(Surplus) / deficit on revaluation of non-current assets	9.2			(10,036)			(23,350)
Remeasurements of net defined benefit liability	9.5			(412)			24,268
Other Comprehensive (Income) and Expenditure				(10,448)			918
Total Comprehensive (Income) and Expenditure				(261)			(14,619)

Increases in gross expenditure on services is largely offset by increasing Covid grant funding. The increase in Other Operating Expenditure is due to one off gains on disposal of assets in the prior year. The decrease in Financing and Investment expenditure is due to the impact of Covid on investment property valuations being significant reduced in the current year. Significant changes in Other Comprehensive Income and Expenditure relate to material movements in the valuations of the Council's property assets and pensions liability.

Primary Financial Statements

Balance Sheet

	Note	31 March 2020 As re-stated £000	31 March 2021 £000
Property, Plant and Equipment			
Other Land and Buildings	24.1	159,983	183,785
Infrastructure Assets	24.1	128,467	128,037
Community Assets	24.1	4,930	5,036
Vehicles, Plant, Furniture and Equipment	24.1	10,167	11,006
Assets Under Construction	24.1	49,327	54,703
Surplus assets	24.1	629	629
Intangible Assets	24.1	250	200
Heritage Assets		288	288
Investment Property	25	45,517	44,770
Long Term Investments	31.1	9,088	9,493
Long Term Debtors	31.1	3,887	4,797
Long Term Assets		412,533	442,744
Cash and Cash Equivalents	CFS, 31.1	2,595	10,327
Short Term Investments	31.1	115,292	133,072
Inventories		1,609	1,596
Short Term Debtors	27, 31.1	43,144	56,031
Current Assets		162,640	201,026
Short Term Borrowing	31.1	(890)	(7,804)
Short Term Creditors	28, 31.1	(49,387)	(67,159)
Short Term Provisions	29	(6,413)	(6,178)
Grants Received in Advance - Revenue	14	(5,031)	(11,791)
Grants & Contributions Received in Advance - Capital	14	(51,943)	(50,420)
Current Liabilities		(113,664)	(143,352)
Long Term Provisions	29	(1,522)	(1,550)
Long Term Borrowing	31.1	(148,721)	(143,215)
Long Term Borrowing - Ex Avon Debt	33	(12,762)	(12,252)
Pensions Liabilities	35.1	(268,236)	(298,881)
Other Long Term Liabilities	31.1, 36.1	(22,844)	(22,479)
Long Term Liabilities		(454,085)	(478,377)
Net Assets		7,424	22,041
Usable Reserves	8.1	(69,529)	(101,344)
Unusable Reserves	9.1	62,105	79,303
Total Reserves		(7,424)	(22,041)

Increases in Short term investments, Debtors, Creditors and Usable Reserves relate largely to the timing of Covid support grants.

Primary Financial Statements

Cash Flow Statement

	Note	2019/2020 £000	2020/2021 £000
Net surplus / (deficit) on the provision of services	CIES	(10,189)	15,537
Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements	37.1	59,938	65,655
Adjustments for items included in the net surplus / (deficit) on provision of services that are investing or financing activities	37.2	(51,062)	(36,613)
Net cash flows from Operating Activities		(1,313)	44,579
Investing Activities			
Purchase of Property, Plant and equipment, Investment property and Intangible Assets		(42,621)	(39,468)
Proceeds from sale of Property, Plant and equipment, Investment property and Intangible Assets		5,114	2,521
		(37,507)	(36,947)
Purchase of short and long term investments		(619,633)	(1,807,000)
Proceeds from sale of short and long term investments		575,135	1,789,000
		(44,498)	(18,000)
Other payments for Investing Activities		(596)	(1,045)
Other receipts from Investing Activities		76,189	33,411
		75,593	32,366
Net cash flows from Investing Activities		(6,412)	(22,581)
Financing Activities			
Cash receipts from short and long term borrowing		1,758	2,012
Repayments of short and long term borrowing		(1,532)	(850)
		226	1,162
Finance lease repayments		(343)	(37)
Other net (payments) / receipts for Financing Activities		2,860	(15,391)
		2,517	(15,428)
Net cash flows from Financing Activities		2,743	(14,266)
Net increase / (decrease) in cash and cash equivalents		(4,982)	7,732
Cash and cash equivalents at the beginning of the reporting period		7,577	2,595
Cash and cash equivalents at the end of the reporting period comprising:		2,595	10,327
Cash held by the Council	37.4	2,595	10,327
		2,595	10,327

The movement in the Council's Cash balance is due to cash flows arising from the Council's financial out-turn position, higher turnover of investments and year-end investment balances, which are linked with the high value of Covid grant funding received and applied during the year.



Notes to the accounts

Technical Notes, Judgements and Assumptions

1. Critical judgements in applying accounting policies

In applying its accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. Materiality has been applied in all judgements which significantly affect the financial statements. The critical judgements made in the Statement of Accounts are:

Accounting treatment of Covid-19 response funding

Throughout the 2020/21 the government announced a series of additional funding streams and financial support packages for local government to help them respond to coronavirus (Covid-19) pressures across all the services they deliver, with funding being given using powers under Section 31 of the Local Government Act 2003. Significant judgement has been made to each of these funding streams giving due consideration to whether; the Council is acting as the principal or the agent; are there any grant conditions outstanding and is the grant a specific or non-specific grant.

The Council has complied with section 2.3 of the Code and included a range of general and specific grants within its financial statements and excluded others on the grounds that it is acting as an Agent.

Items **excluded** from the financial statements and which could be deemed to have a material impact on the Council's accounts are listed below.

- Mandatory grants administered on behalf of the Department for Business, Energy, and Industrial Strategy (BEIS), including Small Business Grants, Retail, Hospitality and Leisure Grants, Local Restrictions Support Grant, Local Restrictions Support Grant (Closed) Addendum, Closed Businesses Lockdown Payment

Items **included** within the financial statements and which could be deemed to have a material impact on the Council's accounts are listed below.

- Discretionary grants funding provided by the Department for Business, Energy, and Industrial Strategy (BEIS), including Local Authority Discretionary Grant Fund, Local Restrictions Support Grant (Open), Additional Restrictions Grant
- Grants provided by the Ministry of Housing, Communities & Local Government (MHCLG), including Covid Support Grant, Sales Fees and Charges Compensation Scheme Grant
- Grants provided by the Department of Health and Social Care (DHSC) include Infection Control Funding, Workforce Capacity Fund, Rapid Testing Fund, Contain Outbreak Management Fund

In respect of 'recognition' of specific grants, consideration has been given to whether there are any grant conditions that have not been met or which remain to be satisfied, and whether the Council has reasonable assurance that it will meet these. Unspent grant allocations at the year-end where specific conditions have not been met have been recognised as receipts in advance; and unspent grant allocations at the year-end where restrictions have been noted have been transferred into earmarked reserves.

In the absence of reference to any such condition requiring repayment within the Determination by the government body, the Council has deemed incurring relevant expenditure as a conditional requirement, and where this has not been met, then unspent grant allocations have been recognised as receipts in advance.

Technical Notes, Judgements and Assumptions

Impact of Covid 19 on the Council's financial standing

There continues to be some uncertainty about the medium to longer-term impacts for the Council and its key stakeholders as a result of the Covid 19 emergency, which could potentially result in a wider risk to its broader financial standing and therefore subsequent impacts on the services that the Council provides into the future. Over the past year the Council has successfully developed a series of strategies and plans to effectively forecast and monitor the financial impacts of the pandemic, including a range of options on how it will continue to provide its services to residents within challenging periods in the future. The Council believes that it has demonstrated its strategic financial capabilities by delivering a balanced budget position in the face of adversity and has determined that the uncertainty over the Council's financial position is not sufficient to provide an indication that the Council's assets be further impaired as a result of a need to close facilities and reduce levels of services provision.

Better Care Funding

The Section 75 agreement by which Better Care resources have been agreed between the Council and North Somerset CCG has been assessed against the appropriate standards, mainly IFRS 10 and IFRS11. Following consideration of the control and governance arrangements of the underlying transaction streams, officers have judged that the arrangement should be classified as a 'joint operation'. As such, the Council and CCG accounts for the assets, liabilities, revenues and expenses relating to their involvement in the joint operation. Further details are set out in Note 21.

Accounting for schools' non-current assets

The Council recognises the local authority maintained schools land and buildings on its Balance Sheet where it directly owns the assets, and the building assets of schools where the owning entity has transferred rights to use the assets to the Council. The Council has completed a school by school assessment across the different types of schools it controls within the district. Judgements have been made in applying IAS16 Property, Plant and Equipment in determining the arrangements in place, and the subsequent accounting treatment of the land and building assets.

Investment Property

Following consideration of guidance in the Code and relevant accounting standards (IAS40 and IPSAS 16), the Council has made a judgement that a number of its properties continue to be held solely to earn income or for the generation of capital growth under the Capital Strategy, and not for operational use through delivery of services or service objectives. The Council has therefore classified material assets as Investment property, rather than as operational Property, Plant and Equipment. See Note 25.

Group accounting

The Council has interests in entities which fall within the group boundary of the Council on the grounds of control under the Code and relevant accounting standards (IFRS10 Subsidiaries, and IFRS11 Joint Ventures). However, these interests do not significantly impact on the Council's overall net assets or the Comprehensive Income and Expenditure Statement. The Council's view is therefore that these do not warrant producing consolidated group financial statements, on the grounds of materiality, both from a quantitative and qualitative perspective. Narrative disclosures regarding these relationships have been made in the related party transactions note (Note 23).

Classification of income as within the scope of IFRS15

The Council has made a judgement that income from care recipients for contributions to their care is received under contracts. This is because once the client's contribution is assessed, it is included in

Technical Notes, Judgements and Assumptions

contracts with the Council. Such income is therefore considered to be within of the scope of IFRS15, and hence the amounts disclosed in Note 16.2.

2. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from these estimates. Whilst Covid-19 may have impacted on the value of these estimates, there have been no significant changes to the basis of these estimates compared to the previous year. The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Fair Value Measurements - Investment Property

Investment properties are measured at Fair Value in line with the Council's accounting policies. The value of these assets is determined using calculations and estimation techniques by the Council's valuers following Royal Institution of Chartered Surveyors (RICS) guidance. Asset values are influenced by market forces, income or cost related information, all of which may be subject to volatility and estimation uncertainties. In reaching their valuations, and in assessing whether asset values have been impaired, the Council's valuers have also considered Covid-19 factors such as reductions in property rental values and occupancy rates, although recognising that without being able to predict the longevity and severity of the impact of Covid-19 on the economy, it has been difficult to value investment property assets.

Where possible, the inputs to these valuations are based on observable data. However, there is a risk that market valuations and observable inputs may be either no longer available, and in that case, estimation techniques would be required in establishing fair values. These estimates typically include considerations such as uncertainty and risk. The significant unobservable inputs used in the fair value measurement of Investment Property include management assumptions regarding rent growth, vacancy levels and discount rates.

Significant changes in any of the unobservable inputs would result in a significant change in the fair value measurement for the properties. As noted in Note 25, the carrying value of Investment Property assets at the Balance Sheet date is £44.8m. It is estimated that a 1% change in the Fair Values of Investment property would result in a change of approximately £0.4m in asset values (2019/20 £0.5m). Hence a change in valuation of the order of 14% would be likely to be considered material to the Council's accounts.

Further information about the valuation techniques and inputs used in determining the fair value of the Council's investment property, and the impact of changes on the fair value are included in Note 25.

Property, Plant and Equipment – Valuation

Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 1 January 2021 for a proportion of its operational portfolio. All operational properties were also reviewed to ensure values reflect current values. This was done by undertaking a desktop re-valuation of those assets, using national indices (notably IPD and BCIS), and

Technical Notes, Judgements and Assumptions

consideration of other local factors. This review confirmed that the net book value of PPE assets in the accounts is materially in line with their current value.

Any revaluation of assets either upward or downward would be reflected in the Council's asset base. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

As noted in Note 24, the carrying value of Investment property assets at the Balance Sheet date is £383.4m. It is estimated that a 1% change in net book asset values would result in a change of approximately £3.8m (2019/20 £3.5m). Hence a change in net book value of the order of 1.7% would be likely to be considered material to the Council's accounts.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the Avon Pension Fund to provide the Council and other member bodies with expert advice about the assumptions to be applied.

As noted in Note 35, the carrying value of net liability arising from defined benefit pensions obligations at the Balance Sheet date is £298.9m. The effects of changes in individual assumptions can have a significant impact on the value of the net pensions liability. These are summarised in Note 35.2. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension deficit of the Local Government Pension Scheme (LGPS) of £11.6m (2019/20 £10.2m), and a decrease of £0.2m (2019/20 £0.2m) of the Teachers Unfunded Discretionary Benefits.

3. Material items of income and expenditure

Covid grant funding - During the year material amounts of grant funding was received from central government to support Council functions, and for distribution to support local businesses. Where appropriate, these grants have been treated as income in the Comprehensive Income & Expenditure Statement, or included in the Balance Sheet as Capital and Revenue Receipts in Advance. The impact of these grants is summarised in Notes 13 and 14.

4. Events after the reporting period

The Statement of Accounts are due to be authorised for issue by the Chief Financial Officer on xx September 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the any such events.

5. Accounting standards that have been issued but not yet adopted

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

New or amended international accounting standards that have been issued and will be adopted by the Code in 2021/22 are:

Technical Notes, Judgements and Assumptions

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

None of these changes are expected to have a significant effect on the Council's Statement of Accounts from 1 April 2022.

The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) has agreed to defer the implementation of IFRS 16 'Leases' for a further year to the 2021/22 Code, and will apply from 1 April 2021. An appendix to the 2020/21 Code sets out the changes agreed by CIPFA/LASAAC in relation to the adoption of IFRS 16. The contents of this appendix do not have the authority of the Code and early adoption of IFRS 16 is not permitted by the 2020/21 Code.

This change in accounting policy for leases will bring fundamental changes for the way the Council accounts for leases where it acts as lessee. Changes include:

- all leases as lessee will be included on the Balance sheet – except for:
 - leases of 12 months or less (short-term leases)
 - leases of low value assets
- the Lessee will recognise a right-of-use asset and a lease liability on the Balance sheet, and depreciation of leased assets and interest on lease liabilities through the I&E (essentially current 'finance lease' accounting).
- the lease definition will be expanded to include nil consideration arrangements.
- lessor accounting remains relatively unchanged.

The impact of implementation of IFRS 16 on the Council's financial statements is not currently known and is not reasonably estimable.

6. Prior Period Adjustments

Accounting treatment of Dedicated Schools Grant (DSG) deficit

CIPFA guidance has required the re-classification of the closing deficit balance on the DSG Earmarked Usable Reserve from 2019/20 in Note 8 to be re-classified as an Unusable Reserve in Note 9. As a non-material change of accounting policy, this re-statement has been undertaken as an in-year adjustment, rather than as a Prior Period Adjustment.

The re-statement is disclosed in the MIRS, and comparators to Notes 8 and 9 re-stated. Further discussion of the treatment of the DSG deficit balance is included in Note 15.

Re-organisation of Council management structure

In 2020/21, the Council re-organised its managerial structure, and the analysis of its financial performance reported to members, to form a new Directorate, the Public Health and Regulatory Services directorate.

Following a review of its financial statements, the Council has determined that it would be most appropriate for the analysis of income and expenditure provided in the Statement of Comprehensive Income and Expenditure, and the segmental analysis reported in Note 10, the Expenditure and Funding Analysis, and its supporting notes, to be re-classified to reflect these changes.

The income and expenditure in the comparators to the Statement of Comprehensive Income and Expenditure, and the segmental analysis reported in Note 10, the Expenditure and Funding Analysis,

Technical Notes, Judgements and Assumptions

and its supporting notes, have therefore been re-stated so that meaningful comparisons can be made.

Restatement of CIES

	Note	2019/2020			2019/2020 As re-stated		
		Gross Exp £000	Gross Income £000	Net Exp £000	Gross Exp £000	Gross Income £000	Net Exp £000
People & Communities Public Health		9,597	(9,415)	182	0	0	0
Re-statement		(9,597)	9,415	(182)	9,597	(9,415)	182
Public Health and Regulatory Services		0	0	0	9,597	(9,415)	182
Overall impact on Cost of services	CIES	0	0	0	0	0	0

Restatement of Note 10 Expenditure and Funding Analysis

	Note	2019/2020 Restatement					
		Net Out-turn Position Reported to Members £000	Transfers (To) / From Reserves £000	Reallocation of Overheads, Precepts & Capital Financing £000	Net Expenditure Chargeable to General Fund Balances £000	Adj Between Funding & Accounting Basis (Note 10.1) £000	Net Expenditure in the CI&ES £000
People & Communities Public Health		(0)	(98)	(48)	(146)	(36)	(328)
Re-statement		0	98	48	146	36	328
Public Health & Regulatory services		0	98	48	146	36	328
Impact on Net Cost of Services	CIES	0	0	0	0	0	0

Restatement of Note 10.1 to the Expenditure and Funding Analysis

	Note	2019/2020 Re-statement			
		Adjustment for Capital Purposes (Note 10.2.1) £000	Net Charge for the Pensions Adj (Note 10.2.2) £000	Other Statutory Adjustments (Note 10.2.3) £000	Total Statutory Adjustments (Note 10) £000
People & Communities Public Health		0	(40)	4	(36)
Re-statement		0	40	(4)	36
Public Health & Regulatory services		0	40	(4)	36
Impact on Net Cost of Services	CIES	0	0	0	0

Notes to the Movement in Reserves Statement

7. Adjustments between accounting basis and funding basis under statutory provisions

This note details the adjustments made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2020/2021 ADJUSTMENTS	Note	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Adjustments to Revenue Resources					
Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):					
Charges for depreciation of non-current assets	9.3	(11,661)	0	0	11,661
Charges for impairment of non-current assets	9.3	(9,136)	0	0	9,136
Revaluation losses on Property, Plant and Equipment	9.3	(2,762)	0	0	2,762
Movements in the fair value of Investment Properties	9.3	(862)	0	0	862
Revenue expenditure funded from capital under statute	9.3	(4,575)	0	0	4,575
Net gain or loss on sale or de-recognition of non-current assets and non-current assets held for sale	9.3	(7,353)	0	0	7,353
Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement	9.3	32,317	0	0	(32,317)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8.4	1,785	0	(1,785)	0
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	9.3	(14,919)	0	0	14,919
Financial instruments (transferred to the Financial Instruments Adjustments Account)		295	0	0	(295)
Pensions costs (transferred to or from the Pensions Reserve)	9.5	(6,377)	0	0	6,377
Holiday pay (transferred to or from the Accumulated Absences Reserve)		(369)	0	0	369
Remeasurement of pooled Financial Instruments (transferred to the Pooled Investment Funds Adjustment Account)		405	0	0	(405)
Dedicated School Grant Deficit	9.6	(3,303)	0	0	3,303
Total Adjustments to Revenue Resources		(26,515)	0	(1,785)	28,300
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	8.3	2,511	(2,511)	0	0
Payments to the Government housing capital receipts pool (funded by a transfer from the Capital Receipts Reserve)	8.3	(7)	7	0	0
Statutory provision for the repayment of debt (MRP) (transfer from the Capital Adjustment Account)	9.3	5,764	0	0	(5,764)
Capital expenditure financed from General Fund revenue balances (transfer from the Capital Adjustment Account)	9.3	3,714	0	0	(3,714)
Total Adjustments between Revenue and Capital Resources		11,982	(2,504)	0	(9,478)
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	8.3, 9.3	0	2,433	0	(2,433)
Application of capital grants to finance capital expenditure	8.4, 9.3	0	0	141	(141)
Write down of long term debtor on receipt of loan principal	8.3, 9.3	0	(20)	0	20
Cash receipts in relation to deferred capital receipts	8.3	0	(10)	0	10
Total Adjustments to Capital Resources		0	2,403	141	(2,544)
TOTAL ADJUSTMENTS		(14,533)	(101)	(1,644)	16,278

Notes to the Movement in Reserves Statement

2019/2020 ADJUSTMENTS	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account - Note 9.3):				
Charges for depreciation of non-current assets	(11,065)	0	0	11,065
Charges for impairment of non-current assets	(7,459)			7,459
Revaluation losses on Property, Plant and Equipment	(2,307)	0	0	2,307
Movements in the fair value of Investment Properties	(27,886)	0	0	27,886
Revenue expenditure funded from capital under statute	(8,764)	0	0	8,764
Net gain or loss on sale or de-recognition of non-current assets and non-current assets held for sale	(7,453)	0	0	7,453
Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement	44,386	0	0	(44,386)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,572	0	(1,572)	0
Financial instruments (transferred to the Financial Instruments Adjustments Account)	31	0	0	(31)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account - Note 9.4)	425	0	0	(425)
Pensions costs (transferred to or from the Pensions Reserve - Note 9.5)	(9,345)	0	0	9,345
Holiday pay (transferred to or from the Accumulated Absences Reserve)	265	0	0	(265)
Remeasurement of pooled Financial Instruments (transferred to the Pooled Investment Funds Adjustment Account)	(701)	0	0	701
Total Adjustments to Revenue Resources	(28,301)	0	(1,572)	29,873
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve - Note 8.3	5,104	(5,104)	0	0
Payments to the Government housing capital receipts pool (funded by a transfer from the Capital Receipts Reserve - Note 8.3)	(8)	8	0	0
Statutory provision for the repayment of debt (MRP) (transfer from the Capital Adjustment Account)	5,759	0	0	(5,759)
Capital expenditure financed from General Fund revenue balances (transfer from the Capital Adjustment Account)	1,039	0	0	(1,039)
Total Adjustments between Revenue and Capital Resources	11,894	(5,096)	0	(6,798)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	2,871	0	(2,871)
Application of capital grants to finance capital expenditure	0	0	50	(50)
Write down of long term debtor on receipt of loan principal	0	(29)	0	29
Cash receipts in relation to deferred capital receipts	0	(10)	0	10
Total Adjustments to Capital Resources	0	2,832	50	(2,882)
TOTAL ADJUSTMENTS	(16,407)	(2,264)	(1,522)	20,193

Notes to the Movement in Reserves Statement

8. Usable Reserves

8.1. Summary of Usable Reserves

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement. The Council's usable reserves are those which can be applied to fund expenditure or reduce local taxation, along with other ring-fenced reserves.

	Balance 1 April 2020 As restated £000	Net Movement in Year £000	Balance 31 March 2021 £000	Further Details
General Fund Balance	(9,053)	0	(9,053)	
Earmarked Reserves - School Balances (re-stated)				
- LMS Schools	(906)	(1,419)	(2,325)	
- Other Schools Balances	(351)	17	(334)	
Other Earmarked Revenue and Capital Reserves	(44,145)	(28,668)	(72,813)	Note 8.2
Total General Fund and Earmarked Reserves	(54,455)	(30,070)	(84,525)	Note 10
Usable Capital Financing Reserves				
- Capital Receipts Reserve	(12,028)	(101)	(12,129)	Note 8.3
- Capital Grants Unapplied	(3,046)	(1,644)	(4,690)	Note 8.4
Total Usable Capital Financing Reserves	(15,074)	(1,745)	(16,819)	
Total Usable Reserves	(69,529)	(31,815)	(101,344)	

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.

Earmarked Reserves – Schools Balances

School reserves relate to balances held by schools under the system of delegation of management responsibility and budgets to schools.

A deficit balance relating to Dedicated Schools Grant funding is carried forward in an Unusable reserve (see Note 9). This deficit will be recovered from future DSG settlements, rather than from wider General Fund balances - see Note 15.

Notes to the Movement in Reserves Statement

8.2. Other Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in non-schools earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

	Transfers				Balance 31 March 2020 £000	Transfers				Balance 31 March 2021 £000
	Balance 1 April 2019 £000	between Reserves £000	Transfers Out £000	Transfers In £000		between Reserves £000	Transfers Out £000	Transfers In £000		
	Earmarked Revenue Reserves (Non-schools)									
Insurance Reserves	(3,417)	367	153	0	(2,897)	0	0	(11)	(2,908)	
Severance Reserves	(1,050)	0	0	(200)	(1,250)	0	0	(5)	(1,255)	
Transformation Reserves	(477)	(229)	108	(393)	(991)	236	80	(2,811)	(3,486)	
Capital Programme Development Reserve	0	0	0	0	0	0	0	(540)	(540)	
Economic & Regeneration Reserve	(1,205)	300	373	(455)	(987)	(1)	75	(1,255)	(2,168)	
City-Deal Smoothing Reserve	(4,306)	480	3,825	(4,331)	(4,332)	0	4,331	(5,327)	(5,328)	
Financial Risk Reserve	(3,609)	(455)	880	0	(3,184)	570	1,429	(35)	(1,220)	
Collection Fund Smoothing Reserve	(1,237)	(480)	1,012	(680)	(1,385)	0	2,283	(17,007)	(16,109)	
Recovery & Renewal Reserve	0	0	0	(250)	(250)	0	250	0	0	
Covid Response Funding Reserve	0	0	0	(5,911)	(5,911)	0	5,911	(860)	(860)	
People & Comm - Adult Social Services	(1,983)	0	1,983	(166)	(166)	(171)	64	(1,600)	(1,873)	
People & Comm - Housing Services	(552)	60	131	(586)	(947)	42	96	(414)	(1,223)	
People & Comm - Children & Young People	(895)	(285)	59	(733)	(1,854)	(140)	701	(655)	(1,948)	
People & Comm - Schools	(182)	58	110	0	(14)	0	0	(79)	(93)	
People & Comm - Housing Property Funds	(824)	0	0	(76)	(900)	0	0	(72)	(972)	
Public Health & Regulatory Services	(512)	0	96	0	(416)	(37)	1	(430)	(882)	
Development & Environment	(3,460)	283	1,030	(1,441)	(3,588)	(892)	2,340	(10,908)	(13,048)	
Corporate Services	(2,519)	(87)	568	(1,512)	(3,550)	393	387	(1,436)	(4,206)	
Earmarked Deposits & Contributions	(6,931)	28	1,155	(1,890)	(7,638)	0	1,497	(2,354)	(8,495)	
Total Non- Schools Earmarked Revenue Reserves	(33,159)	40	11,483	(18,624)	(40,260)	0	19,445	(45,799)	(66,614)	
Earmarked Capital Reserves										
General Capital Reserves	(2,510)	(15)	210	(415)	(2,730)	0	0	0	(2,730)	
Earmarked Capital Reserves	(1,214)	15	144	(100)	(1,155)	0	300	(2,614)	(3,469)	
Total Earmarked Capital Reserves	(3,724)	0	354	(515)	(3,885)	0	300	(2,614)	(6,199)	
Total Earmarked Revenue and Capital Reserves	(36,883)	40	11,837	(19,139)	(44,145)	0	19,745	(48,413)	(72,813)	

The purpose of each of the above reserves is as follows:

Reserve	Purpose
Insurance Reserve	Resources set-aside to fund uninsured risks and losses; movements in claim values; and claims which may have occurred but have not yet been reported to the Council.
Severance Reserve	To fund severance costs anticipated in future years.
Transformation Reserves	Resources set-aside to fund the one-off investment costs of Transformation programmes and initiatives which will improve service delivery and realise financial benefits in future years. This includes the Digital First programme and resources to replace the adult social care records system.
Capital Programme Development Reserve	Resources set-aside to fund the one-off revenue costs associated with supporting future capital investment plans.

Notes to the Movement in Reserves Statement

Economic & Regeneration Reserves	Resources identified to fund potential investment in areas which could stimulate, enhance or yield future economic and financial benefit for the area, together with funding set-aside for the Driving Growth Board programme.
City Deal Smoothing Reserve	Reserve to smooth the financial impact of transactions associated with the City Region Deal arrangement. Balances largely relate to cash contributed by the Council which is yet to be committed by the Pool.
Financial Risk Reserve	Resources set-aside to finance strategic risks and to fund one-off invest-to-save proposals or key priorities identified within the Corporate or Medium-Term Financial Plans.
Collection Fund Smoothing Reserve	Resources set-aside to smooth the impact on the Council's revenue budget for taxpayers.
Recovery & Renewal Reserve	Resources set-aside to fund one-off costs required to support the Council's recovery initiatives, largely associated with supporting business recovery and increasing financial prosperity across the area.
Covid Response Funding Reserve	Funding received from Central Government relating to the emergency Covid-19 response before the year end, to be applied in the new financial year.
People & Communities – Including Housing Property Funds	Monies set-aside to fund Adult Social Care programmes, Housing related surveys, service transformation projects such as Troubled Families, school pooling arrangements and resources to fund specific costs associated with statutory public health functions. Also reflects monies held in sinking funds to be used for repairs on leasehold properties.
Development and Environment	Funds set aside to finance specific Council investment in service provision to benefit the community such as Highways and Community Reassurance programmes. Monies received from unconditional grants such as; LSTF Public Transport, Lead Local Flood, Local Development Orders and Damaged Road grants. Monies also set-aside for planned future costs including major planning appeals and strategic projects.
Corporate Services – Including Partnership Funds	Includes funds set aside to finance community development projects as well as asset management condition and transfer programmes in future years. Partnership funds are those held under the Council's role as an accountable body.
Earmarked Deposits and Contributions	Monies held by the Council to fund future costs arising from development activity.
General Capital Reserve	A general reserve available to finance approved capital expenditure.
Earmarked Capital Reserve	Specific capital reserves earmarked for use in delivery of approved capital investment projects.

Notes to the Movement in Reserves Statement

8.3. Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

	Note	2019/20 £000	2020/21 £000
Balance brought forward - 1 April		(9,764)	(12,028)
Transfer of cash sale proceeds credited as part of the gain/loss on disposal of non-current assets to the Comprehensive Income and Expenditure Statement	7	(5,104)	(2,511)
Financing payment to the Government Housing Capital Receipts Pool	7	8	7
Use of Capital Receipts to finance new capital expenditure	7, 9.3	2,871	2,433
Transfer from the Capital Adjustment Account to reflect repayment of long-term debtor	7, 9.3	(29)	(20)
Transfer from Deferred Capital Receipts Reserve	7	(10)	(10)
Balance carried forward - 31 March		(12,028)	(12,129)

8.4. Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	Note	2019/20 £000	2020/21 £000
Balance brought forward - 1 April		(1,524)	(3,046)
Transfer to Capital Adjustment Account to finance capital spend	7, 9.3	50	141
Capital Grants and Contributions unapplied, credited to the Comprehensive Income and Expenditure Statement	7	(1,572)	(1,785)
Balance carried forward - 31 March		(3,046)	(4,690)

Notes to the Movement in Reserves Statement

9. Unusable Reserves

9.1. Summary of Unusable Reserves

	Balance 1 April 2020 As-re-stated £000	Net Movement in Year £000	Balance 31 March 2021 £000	Note
Revaluation Reserve	(73,711)	(18,559)	(92,270)	9.2
Capital Adjustment Account	(139,266)	(12,791)	(152,057)	9.3
Financial Instruments Adjustment Account	405	(295)	110	
Collection Fund Adjustment Account	439	14,919	15,358	9.4
Pensions Reserve	268,234	30,647	298,881	9.5
Accumulated Absences Account	1,276	369	1,645	
Deferred Capital Receipts Reserve	(69)	10	(59)	
Pooled Investment Funds Adjustment Account	950	(405)	545	
Dedicated Schools Grant Adjustment Account	3,847	3,303	7,150	9.6
Total Unusable Reserves	62,105	17,198	79,303	

9.2. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

	2019/20 £000	2020/21 £000
Balance brought forward - 1 April	(66,656)	(73,711)
Upward revaluation of assets	(13,804)	(30,330)
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	3,768	6,980
Surplus / deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(10,036)	(23,350)
Difference between fair value depreciation and historical cost depreciation	1,577	2,094
Accumulated gains written out on assets sold or scrapped	1,404	2,697
Amount written off to the Capital Adjustment Account (Note 9.3)	2,981	4,791
Balance carried forward - 31 March	(73,711)	(92,270)

Notes to the Movement in Reserves Statement

9.3. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

	Note	2019/20 £000	2021/21 £000
Balance brought forward - 1 April		(147,143)	(139,266)
<u>Reversal of Items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>			
Charges for Depreciation of Non Current Assets	7	11,065	11,661
Charges for Impairment of Non Current Assets	7	7,459	9,136
Revaluations Losses on Property, Plant and Equipment	7	2,307	2,762
Movements in the Market Value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	7	27,886	862
Revenue Expenditure Financed by Capital Under Statute	7	8,764	4,575
Amounts of non-current assets written off on disposal or sale as part of the Gain or Loss on Disposal to the Comprehensive Income and Expenditure Statement	7	7,453	7,353
		64,934	36,349
<u>Amounts transferred from the Revaluation Reserve</u>			
Difference between fair value depreciation and historical cost depreciation	9	(1,577)	(2,094)
Accumulated gains written out on disposal or sale of non-current assets	9	(1,404)	(2,697)
		(2,981)	(4,791)
Net amount written out of the cost of non-current assets consumed in the year		61,953	31,558
<u>Amounts transferred to the Capital Receipts Reserve</u>			
Write down of long-term debtor	7, 8.3	29	20
		29	20
<u>Capital Financing Applied in the year</u>			
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	7	(44,386)	(32,317)
Use of Capital Receipts Reserve to finance new capital expenditure	7, 8.3	(2,871)	(2,433)
Application of Grants and Contributions to capital financing from the Capital Grants Unapplied Account	7, 8.4	(50)	(141)
Statutory provision for the financing of capital investment charged against the General Fund Balance	7	(5,759)	(5,764)
Capital expenditure charged against the General Fund Balance	7	(1,039)	(3,714)
		(54,105)	(44,369)
Balance carried forward - 31 March		(139,266)	(152,057)

9.4. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of the Council's share of both council tax and business rate income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Notes to the Movement in Reserves Statement

	Note	2019/20 £000	2020/21 £000
Balance brought forward - 1 April		864	439
Amount by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements:			
- Council Tax		1,817	819
- Business Rates		(1,531)	13,516
- Business Rates: Disregarded Amount		(711)	584
	7	(425)	14,919
Balance carried forward - 31 March		439	15,358

9.5. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The amounts shown below bring together adjustments for the Local Government Pension Scheme and Unfunded Teachers' Discretionary Benefits (see Note 35.1).

	2019/20			2020/21		
	LGPS	Teachers' Discretionary Benefits	Total	LGPS	Teachers' Discretionary Benefits	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward - 1 April	235,843	23,459	259,302	246,833	21,402	268,235
Remeasurements of the net defined benefit liability:						
- Return on plan assets (Gains) / Losses	46,767	0	46,767	(62,143)	0	(62,143)
- Experience (Gains) / Losses	(3,324)	604	(2,720)	(14,901)	(337)	(15,238)
- (Gains) / Losses on financial assumptions	(14,386)	(437)	(14,823)	99,964	1,685	101,649
- (Gains) / Losses on demographic assumptions	(28,563)	(1,073)	(29,636)	0	0	0
Total Remeasurements of the net defined benefit liability	494	(906)	(412)	22,920	1,348	24,268
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	21,782	543	22,325	18,365	494	18,859
Employer's pensions contributions and direct payments to pensioners payable in the year	(11,286)	(1,694)	(12,980)	(10,820)	(1,662)	(12,482)
Amounts by which Pension costs charged to the Comprehensive Income Statement is different from that chargeable in accordance with statutory requirements	10,496	(1,151)	9,345	7,545	(1,168)	6,377
Balance carried forward - 31 March	246,833	21,402	268,235	277,298	21,582	298,880

Notes to the Movement in Reserves Statement

9.6. Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account holds movements on the accumulated DSG Deficit. Under statutory arrangements movements on the accumulated DSG Deficit are not charged against the General Fund.

As noted in Note 6 and the Movement in Reserves Statement, the DSG deficit balance was previously included as a usable reserve in Note 8. Following revised guidance, the balance has been re-stated in the current year, and included as an unusable reserve.

	<i>Notes</i>	2019/20 £000	2020/21 £000
Balance brought forward - 1 April		0	0
Re-statement of opening balance	6, 15	0	3,847
Amount by which the Dedicated Schools Grant deficit for the year charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from deficit chargeable in the year in accordance with statutory requirements	7, 15	0	3,303
Balance carried forward - 31 March		0	7,150

Notes to the Comprehensive Income and Expenditure Statement

10. Expenditure and Funding Analysis

	Note	2020/2021					Net Expenditure in the CI&ES £000
		Net Out-turn Position Reported to Members £000	Transfers (To) / From Reserves £000	Reallocation of Overheads, Precepts & Capital Financing £000	Net Expenditure Chargeable to General Fund Balances £000	Adj Between Funding & Accounting Basis (Note 10.1) £000	
People & Communities							
Adult Social Care		82,200	(1,511)	(7,365)	73,324	560	73,884
Housing Services		1,306	(390)	103	1,018	75	1,093
Children & Young People		31,843	(28)	306	32,122	654	32,776
Schools Budgets & Grants		0	(2,614)	0	(2,614)	3,428	814
		115,349	(4,543)	(6,957)	103,850	4,717	108,567
Development & Environment		49,568	(7,230)	(8,879)	33,460	17,978	51,438
Corporate Services		8,766	85	(3,248)	5,603	1,215	6,818
Public Health & Regulatory services		1,626	(428)	(934)	263	135	398
Non Service		15,066	(8,396)	(6,328)	342	0	342
Capital Financing & Interest		10,320	(650)	(9,670)	0	0	0
Net Cost of Services	<i>CIES</i>	200,695	(21,162)	(36,016)	143,518	24,045	167,563
Other Income and Expenditure		(200,695)	(8,908)	36,016	(173,588)	(9,512)	(183,100)
(Surplus) / Deficit on Provision of Services	<i>CIES</i>	(0)	(30,070)	(0)	(30,070)	14,533	(15,537)

Notes to the Comprehensive Income and Expenditure Statement

	Note	2019/2020					
		As restated					
		Net Out-turn Position Reported to Members £000	Transfers (To) / From Reserves £000	Reallocation of Overheads, Precepts & Capital Financing £000	Net Expenditure Chargeable to General Fund Balances £000	Adj Between Funding & Accounting Basis (Note 10.1) £000	Net Expenditure in the CI&ES £000
People & Communities							
Adult Social Care		65,926	1,984	225	68,134	527	68,661
Housing Services		1,601	(530)	29	1,099	66	1,165
Children & Young People		30,984	(470)	188	30,701	738	31,439
Schools Budgets & Grants		(0)	1,238	11	1,251	5,406	6,657
		98,510	2,222	452	101,185	6,737	107,922
Development & Environment		36,773	463	232	37,468	17,164	54,632
Corporate Services		6,408	(96)	(732)	5,579	3,346	8,925
Public Health & Regulatory services		0	98	48	146	36	182
Non Service		6,611	(1,481)	(5,135)	(5)	0	(5)
Capital Financing & Interest		10,525	(2,115)	(8,410)	0	0	0
Net Cost of Services	CIES	158,828	(910)	(13,546)	144,373	27,283	171,656
Other Income and Expenditure		(158,828)	(5,310)	13,546	(150,593)	(10,876)	(161,469)
(Surplus) / Deficit on Provision of Services	CIES	0	(6,220)	0	(6,220)	16,407	10,187

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	Note	2019/2020			2020/2021		
		General Fund Reserves £000	GF Earmarked Reserves £000	Total GF and Earmarked Reserves £000	General Fund Reserves £000	GF Earmarked Reserves £000	Total GF and Earmarked Reserves £000
		Opening Balance at 1 April		(9,053)	(35,337)	(44,390)	(9,053)
Re-statement of DSG earmarked reserve	6, 15					(3,847)	(3,847)
Revised Opening balance at 1 April					(9,053)	(45,402)	(54,455)
Net movement in year		0	(6,218)	(6,218)	0	(30,070)	(30,070)
Closing Balance at 31 March	8.1	(9,053)	(41,555)	(50,608)	(9,053)	(75,472)	(84,525)

Notes to the Comprehensive Income and Expenditure Statement

10.1. Note to the Expenditure and Funding Analysis - Adjustments Between Funding and Accounting Basis

	Note	2019/2020 As restated				2020/2021			
		Adjustment for Capital Purposes (Note 10.2.1) £000	Net Charge for the Pensions Adj (Note 10.2.2) £000	Other Statutory Adjustments (Note 10.2.3) £000	Total Statutory Adjustments (Note 10) £000	Adjustment for Capital Purposes (Note 10.2.1) £000	Net Charge for the Pensions Adj (Note 10.2.2) £000	Other Statutory Adjustments (Note 10.2.3) £000	Total Statutory Adjustments (Note 10) £000
People & Communities									
Adult Social Care		143	432	(48)	527	75	426	59	560
Housing Services		8	67	(9)	66	4	61	10	75
Children & Young People		297	500	(59)	738	115	480	59	654
Schools Budgets & Grants		6,797	(1,345)	(46)	5,406	1,359	(1,335)	3,404	3,428
		7,245	(346)	(162)	6,737	1,553	(368)	3,532	4,717
Development & Environment		16,707	519	(62)	17,164	17,476	458	44	17,978
Corporate Services		504	2,880	(38)	3,346	1,463	(309)	61	1,215
Public Health & Regulatory services		0	40	(4)	36	0	100	35	135
Net Cost of Services		24,456	3,093	(266)	27,283	20,492	(119)	3,672	24,045
Expenditure and Funding Analysis		(17,374)	6,253	245	(10,876)	(30,227)	6,496	14,219	(9,512)
Difference Between the General Fund (Surplus) / Deficit and the Comprehensive Income and Expenditure (Surplus) / Deficit on Provision of Services	10	7,082	9,346	(21)	16,407	(9,735)	6,377	17,891	14,533

Notes to the Comprehensive Income and Expenditure Statement

10.2. Other Expenditure and Funding Analysis Notes

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by the authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how net expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

10.2.1. Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals, with a transfer of income on disposal of assets, and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

10.2.2. Net Charge for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **Cost of services** - this represents the removal of the employer pension contributions made by the authority as allowed by statute, and their replacement with current service costs and past service costs.
- **Other Income and Expenditure** - Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

10.2.3. Other Statutory Adjustments

Other statutory adjustments between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amount payable or receivable to be recognised under statute:

- **Cost of services** - the 'Other Statutory Adjustments' column recognises adjustments to the General Fund for the timing differences re accumulated absences
- **Other income and expenditure**, including:
 - For Financing and investment income and expenditure, the 'Other Statutory Adjustments' column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
 - The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations

Notes to the Comprehensive Income and Expenditure Statement

for council tax and NDR that was projected to be received at the start of the year, and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

11. Other Operating Expenditure

	2019/20	2020/21
	£000	£000
Parish Council precepts	4,852	6,040
Other precepts and levies	283	288
Payments to the Government Housing Capital Receipts Pool	4	0
(Gains) / losses on the disposal of non-current assets	(2,598)	4,842
Council Tax Hardship Support expenditure	0	1,402
Total	2,541	12,572

12. Financing and Investment Income and Expenditure

	2019/20	2020/21
	£000	£000
Interest payable and similar charges	6,310	5,649
Impairment losses re financial instruments	(29)	(11)
Net interest on net defined benefit pension liability & administration expense	6,253	6,496
Interest receivable and similar income	(2,647)	(2,567)
Changes in the fair value of investment property	27,886	862
Total	37,773	10,429

13. Taxation and Non-Specific Grant Income

	2019/20	2020/21
	£000	£000
Council Tax Income	(113,098)	(117,088)
Business Rate Income	(30,922)	(17,095)
	(144,020)	(134,183)
Non-ringfenced government grants (Note 14):		
Revenue Support Grant	(2,132)	(2,167)
New Homes Bonus Grant	(2,783)	(1,771)
Section 31 Grants re Business Rates and Council Tax	(7,214)	(24,513)
Adult Social Care Grants	(2,502)	(5,101)
Covid-19 Response Grant	(5,911)	(8,697)
	(20,542)	(42,249)
Capital grants and contributions (Note 14)	(37,220)	(29,668)
	(57,762)	(71,917)
Total	(201,782)	(206,100)

Notes to the Comprehensive Income and Expenditure Statement

14. Grant Income

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement: Grants and contributions credited to services are not separately disclosed on the face of the Comprehensive Statement of Income and Expenditure (CIES), while Non-specific grants and Capital contributions are included in Note 13. The total of Note 13 is subsequently included on the face of the CIES.

	2019/20	2020/21			Total Grants & Cont'n's £000
	Total Grants & Cont'n's £000	Government Revenue Grants £000	Capital Grants £000	Other Grants & Cont'n's £000	
Credited to Services					
People & Communities					
Adult Social Care:					
NHS NS CCG Better Care Fund	(5,298)	0	0	(5,633)	(5,633)
Improved Better Care Fund	(5,857)	(5,857)	0	0	(5,857)
Covid-19 Infection Control Funding	0	(6,914)	0	0	(6,914)
Other Adult Social Care Services Grants & Contributions	(4,546)	(2,986)	(336)	(3,073)	(6,395)
Children and Young People:					
Other Children's & Education Services Grants & Contributions	(4,272)	(2,860)	0	(1,730)	(4,590)
Housing Services Grants & Contributions	(2,773)	(943)	(1,361)	(356)	(2,661)
Public Health Services Grants	(9,355)	(10,505)	0	(128)	(10,633)
Schools budgets and grants:					
Dedicated Schools Grant	(47,562)	(49,052)	0	0	(49,052)
Pupil Premium Grant	(1,009)	(1,004)	0	0	(1,004)
Teachers Pay Grant	(525)	(848)	0	0	(848)
Universal Infant Free School Meals	(446)	(449)	0	0	(449)
Other Schools & Education Services Grants & Contributions	(8,374)	(612)	(2,424)	(1,532)	(4,568)
Corporate Services					
Housing Benefit Subsidy	(43,899)	(43,435)	0	0	(43,435)
Housing Benefit Subsidy Administration	(538)	(562)	0	0	(562)
Other Corporate Services Grants & Contributions	(2,098)	(2,216)	0	(943)	(3,159)
Development & Environment					
Covid-19 Discretionary Business Grants	0	(8,547)	0	0	(8,547)
Other Development & Environment Services Grants & Contributions	(3,339)	(4,520)	(312)	(2,470)	(7,302)
Non Service	(1,161)	(574)	0	(1,271)	(1,846)
Total grants credited to Services	(141,049)	(141,884)	(4,433)	(17,136)	(163,453)
Non-specific Grants and Capital Contributions (Note 13)					
Non-ringfenced grants and contributions	(20,542)	(42,249)	0	0	(42,249)
Capital grants and contributions	(37,220)	0	(29,668)	0	(29,668)
	(57,762)	(42,249)	(29,668)	0	(71,918)
Total grants and contributions	(198,812)	(184,133)	(34,102)	(17,136)	(235,371)

The Council has received capital grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to

Notes to the Comprehensive Income and Expenditure Statement

the provider should those conditions not be met. The balances held as Capital grants and contributions Receipts in Advance at the year-end are as follows:

	2019/20 £000	2020/21 £000
Local Transport Plan Grant	(1,465)	(1,720)
Early Years Child Care Grant	(99)	(99)
Basic Need Education Grant	(28,073)	(25,251)
Capital Maintenance Education Grant	(269)	(797)
Other Grants	(11,204)	(11,720)
Total Capital Grants Received in Advance	(41,110)	(39,587)
MOD contribution re Winterstoke Bridge	(10,833)	(10,833)
Total Capital Contributions Received in Advance	(10,833)	(10,833)
Total Capital Grants and Contributions Received in Advance	(51,943)	(50,420)
Section 31 grants	(5,014)	0
NHS Section 256 Integrated Care Funding	0	(4,840)
Covid-19 Grant Funding	0	(1,613)
Covid-19 Contain Outbreak Management Funding	0	(4,723)
Other grants	(17)	(615)
Total Revenue Grants Received in Advance	(5,031)	(11,791)

15. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG for 2020/21 and the balances carried forward at the year-end are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2020/21 before academy and high needs recoupment			(169,471)
Academy and high needs figure recouped for 2020/21			120,879
Total DSG after academy and high needs recoupment for 2020/21			(48,592)
(Surplus) / Deficit brought forward from 2019/20			3,847
Agreed budgetted / Final budget distribution for 2020/21	(18,701)	(26,044)	(44,745)
Actual central expenditure	25,644		25,644
Actual ISB deployed to schools		26,251	26,251
(Surplus) / Deficit Carried Forward to 2021/22	6,943	207	7,150

Notes to the Comprehensive Income and Expenditure Statement

The Ministry of Housing, Communities and Local Government (MHCLG) has made regulations regarding the accounting treatment of DSG deficits, which affect the financial years beginning on 1 April 2020, 1 April 2021 and 1 April 2022.

In line with this guidance, the Council has not charged the on-going DSG deficit to the General Fund, and has instead charged the deficit to an unusable reserve, the Dedicated Schools Grant Adjustment Account, see note 9.6. As noted in the Movement In Reserves Statement (MIRS) and Note 6, the previous year's closing balance on the Dedicated Schools Grant Earmarked Reserve in Note 8 has been transferred to the new unusable reserve at the start of 2020/21.

The final DSG for 2020/21 before the academy recoupment figure includes a provision for the early years block. The final allocation for the 2020/21 early years block will be made in June 2021. The basis of this allocation is still under discussion. Any adjustments are to be treated as an 'in year adjustment' to the 2021/22 DSG allocation.

The deficit on the DSG has increased from £3.847m at 31 March 2020 to £7.150m at 31 March 2021, due to the continued and significant increased spending pressures in the High Needs Block, relating to children with Special Educational Needs and Disabilities (SEND). For example, the number of children with an Education and Health Care Plan (EHCP) has increased by around 140% between 2015 and 2021. Increasing DSG deficits are a national issue, and there is a national review of SEND ongoing.

Whilst the Strategic Schools Forum (SSF) has continued to commit to contributing to the spending in the High Needs Block by transferring funding from the Schools Block of the DSG, government policy limits this amount. Movements from the Schools block to the High Needs block have been restricted to 0.5% (£650k) in 2020/21. As a result, and despite additional funding from Central Government, due to the unprecedented levels of demand for specialist provision the deficit is not yet decreasing. The Council has plans to address the deficit by providing more local specialist provision, rather than relying on more expensive out of area provision. This should have a material impact on the in-year deficit by 2023/24.

Officers discussed the Council's deficit management plan the Department for Education in July 2020. The Department raised no concerns about the Council's approach and, in particular, were supportive of the Council's intention to lead and organise an Inclusion Summit, to include various partners, to develop a strategy to ensure that more children and young people with SEND can remain in mainstream schools, with appropriate levels of support. This Summit took place earlier this year and led to significant commitment from all parties. Implementation plans are now being drawn up.

Notes to the Comprehensive Income and Expenditure Statement

16. Income and expenditure

16.1. Expenditure and Income Analysed by Nature

	2019/20 £000	2020/21 £000
Expenditure		
Employee Benefits Expenses	79,852	78,484
Other Services Expenses	252,320	286,358
Depreciation, Amortisation and Impairment	49,418	24,015
Interest paid	7,404	7,420
Precepts and Levies	5,658	6,889
Payments to the Housing Capital Receipts Pool	4	0
(Gains) / losses on the disposal of non-current assets	2,312	4,832
Revenue Expenditure Financed by Capital Under Statute	8,764	4,575
	405,732	412,573
Income		
Fees, Charges and Other Service Income	(47,872)	(50,830)
Interest & Investment Income received	(1,640)	(918)
Income from Council Tax, Non-Domestic Rates	(144,021)	(134,184)
Government Grants & Contributions	(198,812)	(235,371)
Internal Recharges	(3,199)	(6,807)
	(395,544)	(428,110)
(Surplus) / Deficit on Provision of Services	10,188	(15,537)

16.2. Revenue from contracts with service recipients

The Council typically satisfies its performance obligations as services are rendered, or upon completion of a service. Hence no significant contract assets or liabilities have been recognised.

	2019/20 £000	2020/21 £000
Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:		
Revenue from contracts with service recipients	(44,814)	(49,579)

The total of receivables relating to Revenue from contracts with service recipients which are included in Debtors (Note 27), are disclosed in the Financial Instruments note (Note 31).

17. Members' Allowances

	2019/20 £000	2020/21 £000
Basic Allowances	436	445
Special Responsibility Allowances	211	225
Travel expenses & subsistence	15	2
Total Members' Allowances	662	672

Notes to the Comprehensive Income and Expenditure Statement

18. Officer Remuneration

18.1. Senior Officer Remuneration

The remuneration paid to the Council's senior employees is detailed below. A senior employee is an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 and who is:

- the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989.
- any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.

At North Somerset Council the disclosures relate to the Chief Executive Officer and those officers that form the Council's Corporate Leadership Team who report to that post. No bonuses, compensation for loss of office or benefits in kind were paid to senior officers in either year.

Post	2020/2021				Total Remuneration incl. pension contributions
	Salary (incl. fees & allowances)	Payments made in respect of NSC elections	Compensation for Loss of Employment	Pension Contributions	
	£	£	£	£	
Chief Executive - Jo Walker	160,352	0	0	39,607	199,959
Director of Childrens' Services (from 1/11/2020 - Director of People and Communities to 31/10/2020)	133,512	0	0	32,977	166,489
Director of Adult Social Services (from 1/11/2020)	48,665	0	0	12,020	60,685
Director of Place (from 1/11/2020 - Director of Development and Environment to 31/10/2020)	130,161	0	0	31,946	162,107
Director of Public Health and Regulatory Services	107,520	0	0	26,605	134,125
Interim Director of Finance (to 31/3/21)	106,078	0	0	26,201	132,279
Head of Performance Improvement and HR (to 3/11/2020)	54,043	0	89,097	13,349	156,489
Assistant Director (Governance & Monitoring Officer) (from 1/2/2021 - Head of Legal & Democratic Services to 31/1/2021)	91,340	0	0	22,561	113,901
	831,671	0	89,097	205,266	1,126,034

Notes to the Comprehensive Income and Expenditure Statement

Post	2019/2020					Total Remuneration incl. pension contributions £					
	Salary (incl. fees & allowances) £	Payments made in respect of NSC elections £	Compensation for Loss of Employment £	Pension Contributions £							
Chief Executive - Jo Walker	156,060	250	0	43,697	200,007						
Director of People and Communities	129,939	250	0	36,383	166,572						
Director of Development and Environment (from 03/06/2019)	103,531	0	0	27,289	130,820						
Director of Public Health and Regulatory Services (from 08/07/2019)	64,098	0	0	17,948	82,046						
Interim Director of Finance and Resources (from 02/07/2019 - Interim Head of Finance and Property until 01/07/2019)	100,453	0	0	28,127	128,580						
Head of Performance Improvement and HR	88,895	153	0	24,891	113,939						
Head of Legal & Democratic Services	85,245	5,000	0	23,861	114,106						
	728,221	5,653	0	202,196	936,070						

In some years the Chief and Deputy Returning Officers and other senior officers receive payments for election duties. Payments in respect of Parliamentary, Parish, Police and Crime Commissioner and European election expenses are not considered as remuneration for employment by North Somerset Council and are funded by other sources. Payments made in respect of District elections are considered to be remuneration for employment by the Council.

18.2. Officers' Remuneration

Council employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are shown in the table below. The numbers below cover all Council activities, including teachers, and include those senior officers detailed in Note 18.1 above.

Remuneration Band	No. of Employees		Remuneration Band	No. of Employees	
	2019/20	2020/21		2019/20	2020/21
£50,000 - £54,999	23	34	£100,000 - £104,999	1	1
£55,000 - £59,999	26	22	£105,000 - £109,999	0	2
£60,000 - £64,999	11	19	£110,000 - £114,999	1	0
£65,000 - £69,999	6	8	£115,000 - £119,999	0	1
£70,000 - £74,999	3	4	£130,000 - £134,999	1	2
£75,000 - £79,999	2	1	£140,000 - £144,999	0	2
£80,000 - £84,999	3	2	£155,000 - £159,999	1	0
£85,000 - £89,999	3	1	£160,000 - £164,999	0	1
£90,000 - £94,999	3	5			

Notes to the Comprehensive Income and Expenditure Statement

19. Termination Benefits

The total exit packages agreed in the year, and charged to the Comprehensive Income and Expenditure Statement, were:

	2019/2020		2020/2021	
	No. of Packages	£000	No. of Packages	£000
Charged and Accrued for within the Comprehensive Income & Expenditure Statement				
- Severance Payments		216		198
- Pension Strain Costs		48		259
	22	<u>264</u>	9	<u>457</u>

The value of agreed exit packages, all of which were compulsory, are as follows:

	2019/2020		2020/2021	
	No of compulsory redundancies	£000	No of compulsory redundancies	£000
Up to £20,000	18	128	5	11
£20,001 to £40,000	3	83	0	0
£40,001 to £60,000	1	53	2	115
£60,001 to £80,000	0	0	0	0
£80,001 to £100,000	0	0	0	0
£100,001 to £150,000	0	0	2	331
	22	<u>264</u>	9	<u>457</u>

20. External Audit Costs

The Council has incurred the following costs in relation to external audit.

	2019/20 £000	2020/21 £000
Fees payable to Grant Thornton UK LLP with regard to the external audit and services carried out as the appointed auditor* **	119	156
Fees payable in respect of any other services provided by the appointed auditor - certification of other grant claims and returns:		
- Housing Benefit subsidy claim	16	16
- Teachers Pension claim	4	5
PSAA Ltd refund	(10)	0
Total external audit costs	<u>129</u>	<u>177</u>

* The fees recorded in 2019/20 include £12,000 in respect of additional fees paid in the year that relate to 2018/19. ** The fees recorded in 2020/21 include £4,000 in respect of additional fees that relate to 2019/20.

Notes to the Comprehensive Income and Expenditure Statement

21. Joint Funding Arrangements

The Better Care Fund is a high-profile policy initiative aimed at enabling health bodies and local authorities to work collaboratively together to address specific health and social care issues by joining resources and government funding allocations.

The Council has signed a Section 75 agreement with the Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group (BNSSG CCG) in respect of Better Care Funding. Officers considered in detail both the nature of the contractual terms and the underlying substance and form of the commissioning practices when deciding upon the appropriate accounting treatment for the arrangement. This review concluded that a pooled budget was not in place, and that, as neither party had overall control of the pooled funds, the arrangement should be accounted for as a 'joint operation'. This means that each member will recognise their own assets, liabilities, income and expenditure within their accounts.

The following table summarises the following local authority and health agreements in respect of local authority and health functions:

	2019/20 £000	2020/21 £000
Section 75 Agreement - Funding for services commissioned by the Council and included within the Council's Comprehensive Income and Expenditure Statement:		
- Assistive Technologies and Equipment	429	443
- Care Act Related Duties	794	820
- Carers Services	641	663
- Community Based Schemes	301	311
- DFG Related Schemes	2,081	2,361
- Domiciliary Care	202	209
- Enablers for Integration	615	636
- HICM for Managing Transfer of Care	257	411
- Integrated Care Planning & Navigation	2,021	5,745
- Intermediate Care Services	438	453
- Personalised Care at Home	25	26
- Personalised Budgeting & Commissioning	1,488	-
- Prevention/Early Intervention	1,138	854
- Residential Placements	266	275
- Improved Better Care Fund	4,554	4,554
- Additional Improved Better Care Fund	1,303	1,303
- Winter Pressure Grant	924	924
	17,477	19,986
Section 75 Agreement - Funding for services commissioned by the BNSSG CCG - not included		
- Carers Services	125	131
- Community Based Schemes	4,077	4,794
- Enablers for Integration	164	247
- HICM for Managing Transfer of Care	498	29
- Integrated Care Planning & Navigation	408	430
- Personalised Budgeting & Commissioning	2,446	2,527
- Prevention/Early Intervention	1,407	1,453
	9,125	9,611
Total funding identified within Section 75 Agreement	26,602	29,597

The Section 75 agreement identifies the nominated lead commissioners in respect of the local authority and health functions, although the disclosure above has been adjusted to reflect the underlying substance of the commissioning transactions in accordance with proper accounting practice.

Notes to the Comprehensive Income and Expenditure Statement

A Section 256 agreement was also in place during the 2020/21 financial year to enable the joint commissioning of services in respect of Free Nursing and Continuing Health Care on behalf of the Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group (BNSSG CCG).

	2019/20	2020/21
	£000	£000
Section 256 Agreement - Funding for services commissioned on behalf of BNSSG CCG - not included within the Council's Comprehensive Income and Expenditure Statement:		
- Continuing Health Care (CHC) Commissioning	9,600	9,600
- Funded Nursing Care (FNC) Funding	5,500	5,500
Total funding identified within Section 256 Agreement	15,100	15,100

Funding identified within the Agreements, by parties, are as follows:

	2019/20	2020/21
	£000	£000
Section 75 Agreement:		
- Funding from North Somerset Council	2,879	4,771
- Funding from Department for Communities and Local Government	8,862	9,142
- Funding from Department of Health	7,717	8,159
- Funding from Bristol, North Somerset and South Gloucestershire Clinical Commissioning	7,144	7,525
	26,602	29,597
Section 256 Agreement:		
- Funding from Bristol, North Somerset and South Gloucestershire Clinical Commissioning	15,100	15,100
Total	41,702	44,697

Expenditure included within the Council's Comprehensive Income and Expenditure Account includes £19.986m (2019/20 £17.477m) in respect of the direct costs incurred for social care activities, in areas such as staffing and contracted services, as well the indirect expenditure incurred on the provision of Disabled Facilities Grants initially charged through the capital programme.

Any additional costs incurred for health-related functions in excess of the £15.100m (2019/20 £15.100m) identified within the Section 256 agreement remain the liability of the North Somerset Clinical Commissioning Group with any such balances being reflected within the Council's balance sheet. Similarly, any surplus balances remaining where expenditure has been lower than the estimated funding provision given, will be returned after the year-end.

22. Business Rate Arrangements – City Region Deal

Under the City Region Deal, Bristol City, Bath & North East Somerset, North Somerset and South Gloucestershire councils ("the Authorities") are part of a Business Rates Retention Scheme, introduced by the government in April 2013 which allowed authorities to retain a proportion of the business rates collected locally.

The Authorities are allowed to retain 100% of the growth in business rates raised in the City Region's network of Enterprise Areas over a 25 year period ending on 31/3/2039, to create an Economic Development Fund for the West of England and to manage local demographic and service pressures arising from economic growth.

Notes to the Comprehensive Income and Expenditure Statement

A 'baseline' level of rates for each Authority has been agreed with the government for the areas designated within the Non-Domestic Rating (Designated Areas) Regulations 2014. Rates collected up to this figure (the baseline) are subject to the national rates retention system. Rates collected in excess of this figure (the 'growth figure') are retained by the Authorities under the Non-Domestic Rates Designated Area Regulations 2013 and 2014 in a pooling arrangement. The governance of the distribution of retained pooled funds occurs through a City Deal Business Rates Pooling Board, constituted under the Business Rates Pooling Principles Agreement (BRPPA) signed by the four Authorities.

Transactions

Each participating council pays an annual growth figure to South Gloucestershire Council, as the Accountable Body for the Business Rates Pool (BRP), representing business rates collected in the Enterprise Areas in excess of an agreed baseline figure. Retained funds will be distributed or invested annually in accordance with the 2014 Regulations and the BRPPA as:

- Tier 1: to ensure that no individual council is any worse off than it would have been under the national local government finance system,
- Tier 2: to an Economic Development Fund (EDF) for reinvestment within the designated areas through approved programmes,
- Tier 3: for the relief of demographic and service pressures associated with growth.

Cash receivable and disbursements payable by the BRP and the Council's share of these are reflected under "Cash Transactions" in the table below. The Expenditure and Revenue recognised in the Council's CIES is disclosed under "Expenditure & Revenue" in the table below:

	CASH TRANSACTIONS		REVENUE	
	Business Rates Pool Total £000	of which the Council's Share £000	Council Expenditure £000	Council Revenue £000
Funds held by BRP at 1 April	(39,633)	(4,330)	0	0
Analysed between:				
- Uncommitted cash (Tier 2 including contingency)	(12,332)	(1,287)		
- Committed cash not yet allocated	(27,301)	(3,043)		
Receipts into the Pool in-year:				
- Growth sums payable by councils to BRP in-year	(28,163)	(2,232)	1,235	0
Distributions out of the Pool in-year:				
- Tier 1 no worse off	9,367	1,026	0	(1,026)
- BRP management fee	33	8	0	0
- EDF management fee	64	16	0	0
- Tier 2 EDF funding	1,164	13	0	(142)
- Tier 3 demographic and service pressures	2,815	172	0	(250)
Total Distributions out of the Pool in-year	13,443	1,235		
Funds held by BRP at 31 March	(54,353)	(5,327)		
Analysed between:				
- Uncommitted cash (Tier 2 including contingency)	(13,774)	(1,276)	(11)	n/a
- Committed cash not yet allocated	(40,579)	(4,051)	1,008	n/a
	(54,353)	(5,327)		
Cash paid / (Revenue) recognised			2,232	(1,418)

Notes to the Comprehensive Income and Expenditure Statement

Growth paid over to the BRP is recognised as expenditure by each council to the extent that the use of the funds by the BRP has been incurred. Any remaining cash is recognised by each council as a debtor.

The BRP has made several payments totalling £1.164m on behalf of the EDF in 2020/21 (2019/20 £3.738m), of which the Council received £0.142m (2019/20 £0.146m).

The uncommitted and unallocated cash of £5.327m (2019/20 £4.330m) contributed by the Council and held by the BRP is recognised by the Council as a debtor and is held in an earmarked reserve to smooth the impact of City Region Deal transactions, and match the release of revenue support and charges for projects. The differences between the cash sums paid by the Council of £2.232m (2019/20 £1.832m) and the expenditure recognised of £1.235m (2019/20 £1.328m) is equivalent to the £0.995m (2019/20 £0.505m) increase in uncommitted and unallocated funds included in reserves.

Under the terms of the EDF agreement, annual EDF payments from the business rates pool will only be made subject to there being sufficient cash held in the Fund in the relevant year and will be pro-rated in the event of a shortfall. Until the EDF payments become physically due each year, the cash is retained in the business rates pool and held as "Committed Cash not yet allocated". These allocations will fluctuate significantly as overall levels of cash in the Fund change and as additional EDF-funded projects are approved. EDF income to the Council in respect of future year payments from the EDF is not considered sufficiently certain in terms of timing or amount to recognise a debtor at year end, and therefore is contingent. Based on the current cash held and status of approved schemes, the contingent future allocation of the committed cash to the Council is £4.051m (2019/20 £3.043m), of the total £40.579m (2019/20 £27.301m) committed pool balance.

The Council itself has recognised revenue income of £1.418m (2019/20: £1.312m) from the BRP and expenditure of £1.235m (2019/20 £1.328m) to the BRP for the year.

23. Related party transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has effective control over the general operations of North Somerset Council – it is responsible for providing the statutory framework within which the Council operates. It provides significant proportions of funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council tax bills and award of housing benefit).

Details of grants received from Government departments and carried in the Balance Sheet at 31 March 2021 are shown in Note 14. Short term debtor and creditor balances with Government bodies are shown in Notes 27 and 28.

Members and senior officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2020/21 is shown in Note 17.

Notes to the Comprehensive Income and Expenditure Statement

All Members, together with the Council's Corporate Management Team, are required to sign a declaration detailing any relevant transactions entered into by them or close members of their family during the financial year.

Three declarations had not been completed by members at the time that these accounts were approved. Of these, one member had resigned during 2020-21, and one was seriously ill.

The Head of Finance, in conjunction with the Monitoring Officer, has reviewed the returned declarations to identify relationships where bodies or individuals might have the potential to control or influence the Council.

During 2020/21, no services (2019/20 £21k) were commissioned from companies in which a member had an interest (2019/20 1 company). Details of Members interests are recorded in the Register of Members' Interest, open to public inspection by appointment at the Town Hall, and on the Council's website:

<http://www.n-somerset.gov.uk/my-council/councillors/councillor/membersinterests/members-interests/>

Pension Funds

The details of the contributions made by the Council to the Avon Pension Fund are provided in Note 35, and Teachers' Pensions in Note 34.

West of England Local Enterprise Partnership (LEP) and West of England Combined Authority

The West of England Local Enterprise Partnership (LEP) is a public private partnership that covers the four unitary authorities of Bath and North East Somerset, Bristol City Council, North Somerset, and South Gloucestershire. Its purpose is to influence, advise and support strategic activities which deliver or have a beneficial impact on inclusion economic growth, job creation and quality of life in the West of England region.

The membership of the LEP Board consists of up to fourteen business members, one of whom shall be the LEP Board Chair. Other members include a representative from Higher Education, as well as the Mayor of the West of England Combined Authority, the Mayor of Bristol City Council and the Leaders of Bath and North East Somerset Council, South Gloucestershire Council and North Somerset Council. ("Local Authority Members"). The LEP Board meet up to 6 times a year and consider, debate and shape key decisions and papers for the West of England Combined Authority and the West of England Joint Committee.

Grants received by the Council from the LEP include Economic Development Fund, Local Growth Fund, and Revolving Infrastructure Fund, the majority of which relate to capital projects. These are administered by the West of England Combined Authority (WECA).

The West of England Combined Authority (WECA) is made up of three of the local authorities in the region – Bath & North East Somerset, Bristol and South Gloucestershire. Its aim is to deliver economic growth for the region and address challenges, such as productivity and skills, housing and transport. WECA is chaired by the West of England Mayor. The Mayor and the Combined Authority have been given powers over spending, previously held by central government, on the region's transport, housing, adult education and skills.

The Council is not a member authority of WECA, and hence does not have control or significant influence over its decisions.

Notes to the Comprehensive Income and Expenditure Statement

Other Partnerships

The Council is a major partner in the West of England City Region Deal, details of which are disclosed in Note 22.

The authority has a Section 75 agreement in respect of Better Care Funding, and a Section 256 agreement in respect of Free Nursing and Continuing Health Care, with the Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group. Income and expenditure are detailed in Note 21.

Other Public Bodies

Any significant transactions with other public bodies (e.g. parish precepts) are disclosed elsewhere within this Statement of Accounts.

Entities controlled or significantly influenced by the Council

Wyvern SW Limited

During the year, the Council was the 100% owner of a private limited company which was incorporated on 9 October 2017, with a share capital of 100 ordinary shares of £1 each. The primary aim of Wyvern SW Ltd was the development of building projects to facilitate economic growth in North Somerset. The company was dissolved on 30 March 2021. The company was dormant throughout 2020-21. The Council had no transactions with this company during the year.

North Somerset Inspire Limited

The Council is the owner of a private limited company which was incorporated on 1 March 2019, with a share capital of 100 ordinary shares of £1 each. The primary aim of North Somerset Inspire Ltd is to deliver transformational projects and support services to other public sector bodies.

During the financial year the following Council officers held the following positions: Director – Stuart Anstead (Interim Head of Support Services); Company Secretary – Mike Riggall (Client ICT Officer). The company has not yet established a business plan, implemented the required operational arrangements or gained approval from full Council meaning that it has yet to commence trading, and therefore the Council had no significant transactions with this company during the year.

Adoption West

Adoption West is a private company limited by guarantee, incorporated on 9 January 2018. It was set up by 6 local authorities (South Gloucestershire, Bath & North East Somerset, North Somerset, Bristol, Wiltshire and Gloucestershire Councils) to co-ordinate and facilitate adoptions across the region.

Each council has a 1/6th shareholding in the company and is required to fund costs in accordance with membership proportions agreed in the “Commissioning Agreement” between the parties. North Somerset Council’s membership proportion is 12.41%. Decisions require the unanimous consent of the parties sharing control. The Council's transactions with this company during the year were not material.

North Somerset Environment Company Ltd

The Council is the 100% owner of a private limited company which was incorporated on 26 October 2020, with a share capital of 1 ordinary share of £1 each. The primary aim of North Somerset Environment Company Ltd is to deliver waste collection and recycling services to North Somerset Council. The company began delivering these services to the Council in March 2021.

Notes to the Comprehensive Income and Expenditure Statement

At the end of the financial year Council officers held the following positions: Director – Sheila Smith (Director of Childrens' Services). The Council's transactions with this company during the year were not material.

None of the transactions or balances of the entities controlled or significantly influenced by the Council were judged to be sufficiently material to require the preparation of group accounts.

Notes to the Balance Sheet

24. Property, Plant and Equipment and Intangibles

24.1. Movements on Balances

Movements in 2020/2021	Land & Buildings £000	Infrastructure Assets £000	Community Assets £000	Vehicles, Plant & Equipment £000	Assets Under Construction £000	Surplus £000	Total Property, Plant & Equipment £000	Intangible Assets £000	TOTAL £000
Cost or Valuation									
At 1 April 2020	167,582	232,867	6,582	37,171	49,327	629	494,158	500	494,658
Additions	4,306	13,225	164	2,859	16,651	0	37,205	0	37,205
Revaluations - Revaluation Reserve	15,757	0	0	0	0	0	15,757	0	15,757
Revaluations - CI&ES	(2,762)	0	0	0	0	0	(2,762)	0	(2,762)
Derecognition - Disposals	(8,201)	0	0	(50)	0	0	(8,251)	0	(8,251)
Assets reclassified	11,275	0	0	0	(11,275)	0	0	0	0
At 31 March 2021	187,957	246,092	6,746	39,980	54,703	629	536,107	500	536,607
Accumulated Depreciation & Impairment									
At 1 April 2020	(7,599)	(104,400)	(1,652)	(27,004)	0	0	(140,655)	(250)	(140,905)
Depreciation for the year	(4,868)	(5,048)	(58)	(1,637)	0	0	(11,611)	(50)	(11,661)
Depreciation written out - Revaluation Reserve	8,225	0	0	0	0	0	8,225	0	8,225
Impairment (Losses) / Reversals - Revaluation Reserve	(632)	0	0	0	0	0	(632)	0	(632)
Impairment (Losses) / Reversals - CI&ES	(152)	(8,607)	0	(377)	0	0	(9,136)	0	(9,136)
Derecognition - Disposals	854	0	0	44	0	0	898	0	898
Assets reclassified	0	0	0	0	0	0	0	0	0
At 31 March 2021	(4,172)	(118,055)	(1,710)	(28,974)	0	0	(152,911)	(300)	(153,211)
Net Book Value at 1 April 2020	159,983	128,467	4,930	10,167	49,327	629	353,503	250	353,753
Net Book Value at 31 March 2021 - Current Value	183,785	128,037	5,036	11,006	54,703	629	383,196	200	383,396

Notes to the Balance Sheet

	Land & Infrastructure Buildings £000	Infrastructure Assets £000	Community Assets £000	Vehicles, Plant & Equipment £000	Assets Under Construction £000	Surplus £000	Total Property, Plant & Equipment £000	Intangible Assets £000	TOTAL £000
Movements in 2019/2020									
Cost or Valuation									
At 1 April 2019	164,250	220,768	6,100	36,203	25,539	629	453,489	500	453,989
Additions	3,790	12,099	173	1,112	24,610	0	41,784	0	41,784
Revaluations - Revaluation Reserve	5,992	0	559	0	0	0	6,551	0	6,551
Revaluations - CI&ES	(2,057)	0	(250)	0	0	0	(2,307)	0	(2,307)
Derecognition - Disposals	(4,393)	0	0	(144)	(822)	0	(5,359)	0	(5,359)
Assets reclassified	0	0	0	0	0	0	0	0	0
At 31 March 2020	167,582	232,867	6,582	37,171	49,327	629	494,158	500	494,658
Accumulated Depreciation & Impairment									
At 1 April 2019	(6,520)	(92,405)	(1,763)	(25,384)	0	0	(126,072)	(200)	(126,272)
Depreciation for the year	(4,251)	(4,999)	(28)	(1,737)	0	0	(11,015)	(50)	(11,065)
Depreciation written out - Revaluation Reserve	5,113	0	139	0	0	0	5,252	0	5,252
Impairment (Losses) / Reversals - Revaluation Reserve	(1,767)	0	0	0	0	0	(1,767)	0	(1,767)
Impairment (Losses) / Reversals - CI&ES	(463)	(6,996)	0	0	0	0	(7,459)	0	(7,459)
Derecognition - Disposals	289	0	0	117	0	0	406	0	406
Assets reclassified	0	0	0	0	0	0	0	0	0
At 31 March 2020	(7,599)	(104,400)	(1,652)	(27,004)	0	0	(140,655)	(250)	(140,905)
Net Book Value at 1 April 2019	157,730	128,363	4,337	10,819	25,539	629	327,417	300	327,717
Net Book Value at 31 March 2020 - Current Value	159,983	128,467	4,930	10,167	49,327	629	353,502	250	353,752

Notes to the Balance Sheet

24.2. Revaluations

The Council carries out a rolling programme of valuations, with revaluations undertaken at least every 5 years, ensuring that all Property, Plant and Equipment required to be measured at current value is revalued sufficiently regularly to ensure that their carrying amount is not materially different from their carrying value at the year-end. This process also allows for any significant operational or accounting changes to be reflected in current valuations.

Similarly, Investment Property assets and any Assets Held for Sale are subject to a revaluation review on an annual basis to ensure that their carrying values are reflective of the latest market value conditions. The basis of the Council's valuations are set out in the Accounting Policies.

All valuations are carried out in accordance with the Royal Institution of Chartered Surveyors Red Book, and are arranged by the Council's Property Estates and Regeneration Manager, who is A.R.I.C.S. qualified. The revaluations undertaken in 2020/21 have been carried out by professionally qualified staff from within the Council's in-house team, except of one of our investment properties which, due to its specialist nature, was valued by an independent valuer. The PPE valuations were applied with a revaluation date of 1 January 2021, and 31 March 2021 for Investment Property. Valuations are accounting estimates, which include review of impairments and estimated remaining useful lives of the assets.

These valuation specialists continue to review the asset portfolio where revaluations have not been undertaken at the year end, considering the impact of valuation indices and cost factors relevant to the local area, and comparing these to the carrying values of assets held in the Asset Register. The table below reflects the current value of the assets valued in each of the five years, together with those assets carried at historic cost.

	Land & Buildings £000	Infra - structure Assets £000	Community Assets £000	Vehicles, Plant & Equipment £000	Assets Under Construction £000	Surplus Assets £000	Total Property, Plant & Equipment £000	Intangible Assets £000	Heritage Assets £000	Investment Properties £000
Valued at Historical Cost	0	128,037	2,073	11,006	54,703	0	195,820	200	0	0
2020/21	134,684	0	0	0	0	0	134,684	0	0	44,770
2019/20	16,708	0	1,358	0	0	0	18,066	0	0	0
2018/19	31,760	0	10	0	0	629	32,398	0	0	0
2017/18	461	0	0	0	0	0	461	0	0	0
2016/17	2	0	0	0	0	0	2	0	0	0
2015/16	0	0	551	0	0	0	551	0	0	0
2014/15 or prior	170	0	1,044	0	0	0	1,214	0	288	0
Total	183,785	128,037	5,036	11,006	54,703	629	383,196	200	288	44,770

As can be seen, the majority of the Council's Land & Buildings assets are held at carrying value, with a small proportion held at Historical cost. Any assets held at Historical cost at the year-end will be incorporated into the annual rolling revaluation programme process, but for 2020/21 have been reviewed by the professional valuation staff to ensure that the asset values are not materially mis-stated, and will not be subject to material impairment when revalued.

Notes to the Balance Sheet

24.3. Disposal of Non-Current Assets

Academy Schools

During the year one primary school transferred from the Council's control to Academy status. Mary Elton School transferred to academy status in 2017/18, but was not included as a disposal in the Council's asset in the Council's accounts that year, in error. The transfer has been included as a disposal in the 2020-21 accounts.

These school assets are written out of the accounts and reflected as a disposal at nil consideration, resulting in a loss being charged to the Council's Comprehensive Income and Expenditure Statement.

	Date of Conversion	Net Book Value 1 April 2020 £000
Uphill Primary School - to Cabot Learning Federation	01 October 2020	2,648
Mary Elton	01 April 2017	3,716
		<u>6,364</u>

Other assets disposed of during the year were not material.

24.4. Capital Commitments

At 31 March 2020, the authority has entered into contracts for the construction or enhancement of property, plant and equipment in 2020/21 and future years. The major commitments were:

	2019/20 £000	2020/21 £000
North South Link	3,379	331
Locking Parklands - Utilities	711	343
Winterstoke Academy Expansion	0	423
Banwell Bypass	0	2,057
Winterstoke Road Bridge	0	906
Other	1,431	1,647
Total Commitments	<u>5,521</u>	<u>5,707</u>

25. Investment Properties

The following items of income and expense have been accounted for in the Corporate Services line in the Comprehensive Income and Expenditure Statement:

	2019/20 £000	2020/21 £000
Rental income from investment property	(4,662)	(3,980)
Direct operating expenses arising from investment property	3,439	3,579
Net (gain) / loss	<u>(1,223)</u>	<u>(401)</u>

Notes to the Balance Sheet

There are no restrictions on the authority's ability to realise the value inherent in its investment property or on the authority's right to the remittance of income and the proceeds of disposal. The authority has no contractual obligations to purchase, construct or develop investment property.

The following table summarises the movement in the fair value of investment properties over the year:

	2019/20 £000	2020/21 £000
Balance at 1 April	75,562	45,517
Additions:		
- Subsequent expenditure	341	115
Disposals	(2,500)	0
Net gains / (losses) from fair value adjustments	(27,886)	(862)
Balance at 31 March	45,517	44,770

A significant proportion of the decrease in year relates to the revaluation of the Council's commercial investment properties at the year-end, notably the Sovereign Centre and North Worle District Centre, both in Weston-super-Mare, and are reflective of market conditions prevailing at that time as well as considerations relating to future forecasts.

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure - Note 12.

Fair value hierarchy

Details of the fair value of the Council's investment properties, and information about their fair value hierarchy, are as follows.

	Fair Value 31 March 2020			Fair Value 31 March 2021		
	Other significant observable inputs	Significant unobservable inputs	Total	Other significant observable inputs	Significant unobservable inputs	Total
	Level 2	Level 3		Level 2	Level 3	
	£000	£000	£000	£000	£000	£000
Smallholdings	2,458	3,827	6,285	7,682	0	7,682
Commercial Units	35,373	3,859	39,232	33,354	3,734	37,088
Total	37,831	7,686	45,517	41,036	3,734	44,770

There were transfers between the levels during the year. Smallholdings previously classified as held at Level 3 are now Level 2, due to changes in the valuation technique used by the Valuer as a result of Covid restrictions.

Shown below is a reconciliation of the fair value measurements in respect of Level 3 valuations.

Notes to the Balance Sheet

	2019/20 £000	2020/21 £000
Balance at 1 April	11,055	7,686
Net gains / losses from fair value adjustments (recognised in the Surplus or Deficit on the Provision of Services - Note 12)	(3,369)	(142)
Reclassification: Smallholdings previously Level 3 are now Level 2	0	(3,827)
Additions: Subsequent expenditure	0	17
Balance at 31 March	7,686	3,734

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs - Level 2 Fair Value Investment Property Assets

Six commercial properties and six smallholdings have been categorised as Level 2 in the fair value hierarchy, with their fair value being measured using a combination of the market approach and the income approach. The market approach uses comparable market evidence in arriving at values, whilst the income approach uses an all risk yield to capitalise the income, to arrive at the value. This yield is based on comparable market yields. These investment properties are categorised as Level 2 in the fair value hierarchy as the measurement technique uses inputs that are observable for the asset, either directly or indirectly, and there is no reasonably available information that indicates the market participants would use different assumptions.

Significant Unobservable Inputs - Level 3 Fair Value Investment Property Assets

Three commercial properties have been categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Level 3 assets are measured using a combination of either the market approach and the income approach. The market approach uses comparable market evidence in arriving at values, whilst the income approach uses an all risk yield to capitalise the income to arrive at the value. The yield is based on comparable market yields.

	Fair Value 31 March 2021 £000	Valuation Technique Used to Measure Fair Value	Unobservable Inputs	Range (weighted average)	Sensitivity
Commercial Units	3,734	Combination of income and market approach	Yield Rate % of MV attributable to Land Discount Rate	4.5% - 6.5% 85% - 100% 7% - 8%	Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets
Total	3,734				

Highest and Best Use of Investment Property Assets

In estimating the fair value of the Council's investment properties, the 'highest and best use' of the properties is not the current value in use for two of the smallholdings; Locking Head Cottage Farm and Locking Head Farm. Parts of both farms have been allocated for development as part of the

Notes to the Balance Sheet

Parklands Village development area. The highest and best value for these properties reflects this future development potential. However, these properties are not currently held at their highest and best use values, as they are subject to protected tenancies.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Valuation Process

The fair value of the authority's investment properties is measured annually at each reporting date. All of the investment property valuations were carried out internally in accordance with the Royal Institution of Chartered Surveyors Red Book. The authority's valuation experts work closely with finance officers reporting directly to the Chief Financial Officer on a regular basis regarding all valuation matters.

26. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to borrow during the year to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

	2019/20	2020/21
	£000	£000
Opening Capital Financing Requirement	190,572	187,356
Capital Investment in Year		
Property, Plant and Equipment	41,783	37,205
Investment Properties	341	115
Revenue Expenditure Funded from Capital Under Statute	8,764	4,575
	<u>50,888</u>	<u>41,895</u>
Source of Finance		
Capital Receipts and Reserves	(2,871)	(2,433)
Government Grants and Contributions	(44,435)	(32,458)
Revenue Provisions and Reserves	(1,039)	(3,714)
Minimum Revenue Provision	(5,759)	(5,763)
	<u>(54,104)</u>	<u>(44,368)</u>
Net Increase / (Decrease) in Capital Financing Requirement	(3,216)	(2,473)
Closing Capital Financing Requirement	<u>187,356</u>	<u>184,883</u>
Explanation of movement in year:		
Increase in underlying need to borrow unsupported by Government assistance	2,543	3,290
Minimum Revenue Provision	(5,759)	(5,763)
Assets acquired under finance leases	0	0
	<u>(3,216)</u>	<u>(2,473)</u>

Notes to the Balance Sheet

The Minimum Revenue Provision shown above comprises:

	2019/20	2020/21
	£000	£000
Supported Borrowing Minimum Revenue Provision	(900)	(900)
Prudential Borrowing Minimum Revenue Provision	(4,018)	(4,031)
Ex-Avon Loan Debt Minimum Revenue Provision	(532)	(510)
Finance Leases Minimum Revenue Provision	(309)	(322)
	<u>(5,759)</u>	<u>(5,763)</u>

27. Debtors

	2019/20	2020/21
	£000	£000
Central Government Bodies	6,892	15,524
Other Local Authorities	7,139	5,064
NHS Bodies	6,669	4,975
Other Entities and Individuals	15,570	17,221
Total Short Term Debtors	<u>36,270</u>	<u>42,784</u>
Prepayments	6,874	13,247
Total Short Term Debtors and Prepayments	<u>43,144</u>	<u>56,031</u>

28. Creditors

	2019/20	2020/21
	£000	£000
Central Government Bodies	(8,877)	(23,332)
Other Local Authorities	(2,588)	(1,678)
NHS Bodies	(434)	(936)
Public Corporations and Trading Funds	(697)	(36)
Other Entities and Individuals	(36,469)	(40,841)
Total Short Term Creditors	<u>(49,065)</u>	<u>(66,823)</u>
Finance lease obligations due within 12 months	(322)	(336)
Total Short Term Creditors including finance lease obligations	<u>(49,387)</u>	<u>(67,159)</u>

Notes to the Balance Sheet

29. Provisions

Provisions are amounts set aside by the Council for an obligation which are likely to lead to a payment, but where the exact amount and timing of the payment is uncertain.

	Balance 31 March 2020 £000	Additional Provisions Made £000	Amounts reversed £000	Amounts Used £000	Balance 31 March 2021 £000
Insurance Provisions	(1,698)	(726)	379	412	(1,633)
NNDR Appeals Provision	(5,610)	(5,165)	5,610	0	(5,165)
Other	(627)	(338)	42	(7)	(930)
Total Provisions	(7,935)	(6,229)	6,031	405	(7,728)
Expected future timing of associated outflows of economic benefit:					
Less than 1 year	(6,413)				(6,178)
Over 1 year, less than 5 years	(1,297)				(1,285)
Over 5 years	(225)				(265)
	(7,935)				(7,728)

Significant provisions	Description
Insurance Provisions	To finance the estimated costs of known insurance claims, where uncertainties remain over the timing, outcomes or amounts of likely claim settlements.
NNDR Appeals	To finance the estimated costs of known NNDR business rate appeals which have been lodged with the Valuation Office and the estimated costs of NNDR appeals which are not yet lodged, but are expected to be based on past experience. There is uncertainty over the timing or amounts of likely settlements, therefore the provision is based on the number of appeals received, plus an estimate of future appeals and an estimate of the likelihood of success of these appeals.

30. Contingent Liabilities

National Non-Domestic Rating – Unlodged Appeals

The Council has made a provision for its best estimate of the cost of unlodged NNDR appeals made to the Valuation Office – see Provisions Note 29. However, there remains uncertainty over any obligation arising from future appeals not yet received, including the level of such appeals that may be made, how many appeals would be successful, the rateable value of the appealed property or the value of payments that would be made to successful appellants. The value of any such appeals not provided for is not considered likely to be material.

Notes to the Balance Sheet

31. Financial Instruments

31.1. Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

2020/21	Non-Current		Current			Total £000
	Investments £000	Debtors £000	Investments £000	Debtors £000	Cash £'000	
Financial Assets						
Fair value through profit or loss	9,493	0	0	0	0	9,493
Amortised cost	0	887	133,071	13,131	0	147,089
Cash and cash equivalents	0	0	0	0	10,327	10,327
Total financial assets	9,493	887	133,071	13,131	10,327	166,909
Non-financial Assets:						
Statutory & Government Debtors	0	3,910	0	29,653	0	33,563
Payments in advance	0	0	0	13,248	0	13,248
Total non-financial assets	0	3,910	0	42,901	0	46,811
Total on Balance Sheet	9,493	4,797	133,071	56,032	10,327	213,720
	Non-Current		Current			Total £000
	Borrowing £000	Creditors £000	Borrowing £000	Creditors £000	Overdraft £000	
Financial Liabilities						
Amortised cost	(143,215)	0	(7,804)	(18,474)	0	(169,493)
Total Financial Liabilities	(143,215)	0	(7,804)	(18,474)	0	(169,493)
Non-financial Liabilities:						
Statutory & Government Creditors	0	0	0	(27,767)	0	(27,767)
Receipts in Advance	0	(388)	0	(8,839)	0	(9,227)
Contributions and Deposits	0	0	0	(11,743)	0	(11,743)
Finance lease liabilities	0	(22,092)	0	(336)	0	(22,428)
Total non-financial liabilities	0	(22,480)	0	(48,685)	0	(71,165)
Total on Balance Sheet	(143,215)	(22,480)	(7,804)	(67,159)	0	(240,658)

Notes to the Balance Sheet

2019/20	Non-Current		Current			Total £000
	Investments £000	Debtors £000	Investments £000	Debtors £000	Cash £'000	
Financial Assets						
Fair value through profit or loss	9,088	0	0	0	0	9,088
Amortised cost	0	788	115,292	14,591	0	130,671
Cash and cash equivalents	0	0	0	0	2,595	2,595
Total financial assets	9,088	788	115,292	14,591	2,595	142,354
Non-financial Assets:						
Statutory & Government Debtors	0	3,099	0	21,679	0	24,778
Payments in advance	0	0	0	6,874	0	6,874
Total non-financial assets	0	3,099	0	28,553	0	31,652
Total on Balance Sheet	9,088	3,887	115,292	43,144	2,595	174,006
	Non-Current		Current			Total £000
	Borrowing £000	Creditors £000	Borrowing £000	Creditors £000	Overdraft £000	
Financial Liabilities						
Amortised cost	(148,721)	0	(890)	(17,773)	0	(167,384)
Total Financial Liabilities	(148,721)	0	(890)	(17,773)	0	(167,384)
Non-financial Liabilities:						
Statutory & Government Creditors	0	0	0	(12,364)	0	(12,364)
Receipts in Advance	0	(417)	0	(5,909)	0	(6,326)
Contributions and Deposits	0	0	0	(13,019)	0	(13,019)
Finance lease liabilities	0	(22,428)	0	(322)	0	(22,750)
Total non-financial liabilities	0	(22,845)	0	(31,614)	0	(54,459)
Total on Balance Sheet	(148,721)	(22,845)	(890)	(49,387)	0	(221,843)

31.2. Income, Expense, Gains and Losses

	2019/20		2020/21	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net (gains) / losses on:				
Financial assets measured at fair value through profit or loss	609	0	(405)	0
Financial assets measured at amortised cost	9	0	(11)	0
Total net (gains) / losses	618	0	(416)	0
Interest income				
Financial assets measures at amortised cost	(1,153)	0	(469)	0
Other investment income	(447)	0	(421)	0
Interest receivable and investment income	(1,600)	0	(890)	0
Interest expense re borrowing	5,860	0	5,827	0

Notes to the Balance Sheet

31.3. Fair Values of Financial Assets and Liabilities

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2020 £000	31 March 2021 £000
Fair Value through Profit or Loss				
Property funds	1	Unadjusted quoted prices in active markets for identical units	4,721	4,687
Multi-Asset funds	1	Unadjusted quoted prices in active markets for identical units	4,367	4,806
Total			9,088	9,493

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. The fair value of pooled funds is taken from their market price.

The Council's investment in the CCLA property fund, totalling £4.687m, has been moved from level 2 to level 1 of the hierarchy for 2020/21, reflecting that trading in the fund has resumed after being suspended on 25th March 2020, and there was therefore an active market in this instrument at the year end. Fund managers had previously suspended redemptions on 25th March 2020, reflecting market conditions for underlying properties caused by the economic consequences of the coronavirus pandemic.

There has been no other change in the valuation technique used during the year for the financial instruments.

31.4. The Fair Values of Financial Assets and Financial Liabilities that are not measured at fair value, but for which Fair Value disclosures are required

Except for the financial assets carried at fair value (described in the table above), all other financial assets and financial liabilities held by the Council are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows:

	Fair Level	31 March 2020		31 March 2021	
		Carrying value £000	Fair Value £000	Carrying value £000	Fair Value £000
Financial Assets					
<i>Financial assets held at Amortised cost</i>					
Short term investments	2	115,292	115,292	133,071	133,071
Current debtors	2	14,591	14,591	13,131	13,131
Non-current debtors	2	788	788	887	887
Cash and cash equivalents	1	2,595	2,595	10,327	10,327
Total Financial Assets		133,266	133,266	157,416	157,416

These assets relate largely to short term assets, long term bank deposits and long-term debtors. Their fair value is calculated at cost, amortised at their effective interest rate. This is not materially different from their carrying value.

Notes to the Balance Sheet

	Fair Value Level	31 March 2020		31 March 2021	
		Balance Sheet £000	Fair Value £000	Balance Sheet £000	Fair Value £000
Financial Liabilities					
<i>Financial Liabilities held at amortised</i>					
Long term borrowing from PWLB	2	(146,967)	(181,019)	(140,467)	(173,557)
Long term borrowing from Salix	2	(1,754)	(1,754)	(2,748)	(2,748)
Short term borrowing	2	(890)	(890)	(7,804)	(8,050)
Short term creditors	2	(17,773)	(17,773)	(18,474)	(18,474)
Total Financial Liabilities		(167,384)	(201,436)	(169,493)	(202,829)

Short term creditors are carried at cost as this is a fair approximation to their value.

Financial liabilities classified as held at amortised cost are carried in the Balance sheet at their amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at the year end.

PWLB borrowing has been valued by discounting the contractual cash flows over the whole life of the instrument, at an appropriate market rate for replacement local authority borrowing. The fair value of other borrowing, including non-financial liabilities, has been assessed as being not materially different from their carrying value.

The fair value of the Council's long term PWLB borrowing uses observed rates of return for comparable replacement liabilities. The fair value of this borrowing is higher than its carrying value in the accounts as the Council's portfolio of loans comprises fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date. All movements in borrowing and lease liabilities relate to financing cash flows.

Non-financial liabilities, including Finance lease liabilities, are carried in the Balance Sheet at amounts approximating to their fair value.

32. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments as they fall due
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates, and stock market movements.

The Council's Treasury Management Strategy are updated each year and approved by elected members. The Strategy mitigates credit risk by requiring that deposits are only made with financial institutions that meet minimum credit scores, and by setting limits to restrict the total amounts invested with individual counterparties at any one time. Both the in-house treasury team and the Council's external cash managers have a range of counter-party limits which are linked to both the length of the investment placed and the organisational credit limits. The only exception to this principle relates to deposits made with the Government's Debt Management Office. No limit is applied, as it is deemed an extremely secure investment.

Notes to the Balance Sheet

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the Council's customers.

32.1. Amounts arising from expected credit losses (ECL)

The changes in the loss allowance for financial assets held at amortised cost during the year are as follows:

	Short term Investments (12 month ECL) £000	Trade debtors (Simplified approach ECL) £000	Non-current debtors (Lifetime ECL) £000	Total £000
Opening balance as at 1 April 2020	(13)	(967)	(84)	(1,064)
New financial assets originated or purchased	11	(488)	(103)	(580)
Closing balance as at 31 March 2021	(2)	(1,455)	(187)	(1,644)

	Short term Investments (12 month ECL) £000	Trade debtors (Simplified approach ECL) £000	Non-current debtors (Lifetime ECL) £000	Total £000
Opening balance as at 1 April 2019	(5)	(917)	(83)	(1,005)
New financial assets originated or purchased	(8)	(50)	(1)	(59)
Closing balance as at 31 March 2020	(13)	(967)	(84)	(1,064)

32.2. Credit Risk: Treasury Investments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures, including credit default swap and equity prices, when selecting commercial entities for investment.

A limit is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit applies. The Council also sets limits on investments in certain sectors. No more than 50% of each counterparty limit can be invested for a period longer than one year.

The table below summarises the credit risk exposures of the principal outstanding on Council's treasury investment portfolio by credit rating and remaining time to maturity:

Notes to the Balance Sheet

	As at 31 March 2020		As at 31 March 2021	
	Non-current £000	Current £000	Non-current £000	Current £000
Credit Rating				
AA-	0	3,000	0	0
A	0	3,000	0	6,000
BBB+	0	5,000	0	0
Unrated local authorities and Central Government	0	104,000	0	127,000
Total subject to Credit rating	0	115,000	0	133,000
Credit risk not applicable*	9,088	0	9,493	0
Total investments	9,088	115,000	9,493	133,000

* Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 150% to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. At 31st March 2021, £2k of loss allowances related to treasury investments (2019/20: £13k).

32.3. Credit Risk: Trade Receivables and Contract Assets

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

The following analysis summarises the Council's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

	Range of Loss Allowance	31 March 2020 £000	31 March 2021 £000
Neither past due nor impaired	1%	4,195	2,089
Past due 31 - 60 days	1%	700	526
Past due 61 - 90 days	1%	277	131
Past due 91 - 120 days	25%	696	171
Past due over 120 days	50% - 100%	3,293	4,190
Total Receivables		9,161	7,107

Loss allowances on trade and lease receivables and contract assets have been calculated by reference to the Council's historic experience of default adjusted for local intelligence such as progress through the council's recovery process, or for current and forecast economic conditions. Receivables are determined to have suffered a significant increase in credit risk where they are 31 or more days past due and they are determined to be credit-impaired where they are 91 or more days past due.

Notes to the Balance Sheet

Receivables are collectively assessed for credit risk in the following groupings:

	Range of loss allowances	31 March 2020		31 March 2021	
		Gross receivable	Loss allowance	Gross receivable	Loss allowance
		£000	£000	£000	£000
Central Government	0%	0	0	0	0
Other LA's	0%	250	0	0	0
NHS Bodies	0%	3,449	0	0	0
Other Entities and individuals	1%-100%	5,462	(967)	7,106	(1,455)
Total		9,161	(967)	7,106	(1,455)

Receivables are written off to the Surplus or Deficit on the Provision of Services where recovery action indicates there is no realistic chance of recovery.

32.4. Liquidity Risk

As the Council has ready access to borrowing from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial liabilities. Instead, the risk is that the Council may be bound to replenish its borrowings at a time of unfavourable interest rates. The Council's strategy is to ensure that no more than £8m of loans are due to mature within any one year through a combination of careful planning of the timing of new loans taken out, and (where it is economic to do so) making early repayments.

The maturity analysis of borrowing included in financial liabilities is as follows:

	31 March 2020			31 March 2021		
	PWLB	Other	Total	PWLB	Other	Total
	£000	£000	£000	£000	£000	£000
Less than one year	(340)	(550)	(890)	(6,584)	(1,304)	(7,888)
Between one and two years	(6,500)	(1,754)	(8,254)	(6,000)	(753)	(6,753)
Between two and five years	(24,260)	0	(24,260)	(23,260)	(1,995)	(25,255)
Between five and ten years	(31,170)	0	(31,170)	(31,170)	0	(31,170)
More than ten years	(84,953)	0	(84,953)	(79,953)	0	(79,953)
Total borrowing	(147,223)	(2,304)	(149,527)	(146,967)	(4,052)	(151,019)

All trade and other payables are due to be paid in less than one year.

32.5. Market risk

Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. The annual Treasury Management Strategy includes expectations of interest rate movements, and prudential indicators sets maximum limits for fixed and variable interest rate exposure. Movements in interest rates have a complex impact on the Council.

For instance, a rise in interest rates would have the following effects:

Notes to the Balance Sheet

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget, and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also inform whether new borrowing is taken out at fixed or variable interest rates.

According to this assessment strategy, at 31 March 2021, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

- Increase in interest payable on variable rate borrowings of Nil (2019/20 Nil)
- Increase in interest receivable on variable rate investments of £0.89m (2019/20 £0.89m)
- Decrease in fair value of investments held at FVP&L of £0.06m (2019/20 £0.05m)
- Total impact on the Surplus or Deficit on the Provision of Services of £0.83m (2019/20 £0.84m)
- Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure) of £17.13m (2019/20 £18.21m)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The market prices of the Council's units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property fund investments of £5m. A 5% fall in commercial property prices at 31st March 2021 would result in a £0.23m (2019/20: £0.23m) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in a pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £5m. A 5% fall in share prices at 31st March 2021 would result in a £0.08m (2019/20: £0.06m) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

Notes to the Balance Sheet

33. Ex-Avon County Council Debt (Long-Term Liabilities)

Following Local Government Reorganisation in 1996, the responsibility for administering Avon County Council's outstanding long-term debt was transferred to Bristol City Council. All the unitary authorities in the ex-Avon area make annual contributions equivalent to principal and interest towards the long-term debts.

	2019/20	2020/21
	£000	£000
North Somerset Council share of Ex-Avon Loan Debt Outstanding	(12,761)	(12,252)
Interest Paid in Year	654	617
Debt Repayments - Minimum Revenue Provision	532	510

34. Pensions Schemes Accounted for as Defined Contribution Schemes - Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. However, the Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years. The Council is not able to identify its share of the underlying financial position and the performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2020/21 the Council paid £2.020m to Teachers' Pensions in respect of teachers' retirement benefits (2019/20 £1.779m), representing 24.42% of pensionable pay (2019/20 21.57%). Contributions of £0.165m were payable at the year-end (2019/20 £0.171m). The expected contributions to the plan in 2021/22 are £1.757m (2019/20 £1.915m).

The Council is also responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 35.3.

The authority is not liable to the scheme for any other entities' obligations under the plan.

35. Defined Benefit Pension Schemes

35.1. Participation in Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of retirement benefits. Although these benefits will not become payable until the employees retire, the Council has a commitment to make the payments that need to be accounted for at the time that employees earn their future entitlement.

The Council participates in two defined benefit pension schemes:

- the Local Government Pension Scheme, known as the Avon Pension Fund, administered by Bath & North-East Somerset Council. The Avon Pension Fund is a multi-employer arrangement, under

Notes to the Balance Sheet

which each employer is responsible for the pension costs, liabilities and funding risks relating to its own employees and former employees. This is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Each employer's contributions to the Fund are calculated in accordance with the LGPS regulations, which require an actuarial valuation to be carried out every three years.

- arrangements for the award of discretionary post-retirement benefits to teachers upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash must be generated to meet actual pensions payments as they eventually fall due.

Pensions assets and liabilities recognised in the Balance Sheet

The total net liability in the Balance Sheet in respect of defined benefit schemes is as follows:

	2019/20			2020/21		
	Funded £000	Unfunded £000	Total £000	Funded £000	Unfunded £000	Total £000
Local Government Pension Scheme						
Present value of the defined benefit obligation	(651,695)	(14,846)	(666,541)	(745,863)	(15,328)	(761,191)
Fair value of plan assets	419,708	0	419,708	483,893	0	483,893
Net liability arising from defined benefit obligation	(231,987)	(14,846)	(246,833)	(261,970)	(15,328)	(277,298)
Unfunded Teachers' Discretionary Benefits						
Present value of the defined benefit obligation	0	(21,402)	(21,402)	0	(21,582)	(21,582)
Net liability arising from defined benefit obligation	0	(21,402)	(21,402)	0	(21,582)	(21,582)
Net liability arising from defined benefit obligation - Total	(231,987)	(36,248)	(268,235)	(261,970)	(36,910)	(298,880)

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pension. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Notes to the Balance Sheet

	2019/20			2020/21		
	LGPS	Teachers disc. benefits	Total	LGPS	Teachers disc. benefits	Total
	£000	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement						
<i>Cost of Services:</i>						
- Current Service Cost	13,646	0	13,646	13,124	0	13,124
- Past service cost (gain)	2,414	0	2,414	0	0	0
- (Gains) / Losses from Settlements & Curtailments	12	0	12	(761)	0	(761)
<i>Financing and Investment Income and Expenditure:</i>						
- Net Interest Cost	5,476	543	6,019	5,757	494	6,251
- Administration Expense	234	0	234	245	0	245
Net interest on net defined benefit pension liability & administration costs	5,710	543	6,253	6,002	494	6,496
Net Charge to Surplus or Deficit on Provision of Services	21,782	543	22,325	18,365	494	18,859
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:</i>						
- Return on Plan Assets (Gains) / Losses, excluding the amount included in the net interest expense	46,767	0	46,767	(62,143)	0	(62,143)
- Experience (Gains) / Losses	(3,324)	604	(2,720)	(14,901)	(337)	(15,238)
- Actuarial (Gains) / Losses arising on changes in financial assumptions	(14,386)	(437)	(14,823)	99,964	1,685	101,649
- Actuarial (Gains) / Losses arising on changes in demographic assumptions	(28,563)	(1,073)	(29,636)	0	0	0
Remeasurement of the net defined benefit liability	494	(906)	(412)	22,920	1,348	24,268
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	22,276	(363)	21,913	41,285	1,842	43,127
Movement in Reserves Statement						
Reversal of Net charge made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	(21,782)	(543)	(22,325)	(18,365)	(494)	(18,859)
Actual amount charged against the General Fund Balance for pensions in the year: Employers' contributions payable to the scheme	11,286	1,694	12,980	10,820	1,662	12,482
Amount by which Pension costs charged to the Comprehensive Income Statement is different from that chargeable in accordance with statutory requirements	(10,496)	1,151	(9,345)	(7,545)	1,168	(6,377)

Notes to the Balance Sheet

35.2. Local Government Pension Scheme

The Local Government Pension Scheme is a funded defined benefit scheme based on average pensionable salary. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Reconciliation of Movements in the Fair Value of Scheme (Plan) Assets

	2019/20 £000	2020/21 £000
Opening Fair Value of Scheme Assets	462,436	419,708
Interest Income	11,066	10,010
Administration Expenses	(234)	(245)
Remeasurement Gains / (Losses)		
- The return on plan assets, excluding any amount in the net interest expense	(46,767)	62,143
Employers' Contributions	11,286	10,820
Employee Contributions	2,618	2,737
Settlements	0	(575)
Benefits Paid	(20,697)	(20,705)
Closing Balance at 31 March	419,708	483,893

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2019/20			2020/21		
	Funded £000	Unfunded £000	Total £000	Funded £000	Unfunded £000	Total £000
Opening Balance at 1 April	(680,168)	(18,111)	(698,279)	(651,695)	(14,846)	(666,541)
Current Service Cost	(13,646)	0	(13,646)	(13,124)	0	(13,124)
Past service cost	(2,414)	0	(2,414)	0	0	0
Interest Cost	(16,119)	(423)	(16,542)	(15,422)	(345)	(15,767)
Contributions by Scheme participants	(2,618)	0	(2,618)	(2,737)	0	(2,737)
Remeasurement Gains / (Losses);						
- Experience Gains / (Losses)	1,416	1,908	3,324	14,550	351	14,901
- Gains / (Losses) on financial assumptions	14,195	191	14,386	(98,444)	(1,520)	(99,964)
- Gains / (Losses) on demographic assumptions	28,021	542	28,563	0	0	0
Benefits Paid	19,650	1,047	20,697	19,673	1,032	20,705
Settlements / Curtailments	(12)	0	(12)	1,336	0	1,336
Closing Balance at 31 March	(651,695)	(14,846)	(666,541)	(745,863)	(15,328)	(761,191)

The accounting effect of the transfers of staff to academies during the year is shown under the settlement figures above.

Notes to the Balance Sheet

Composition of Scheme Assets

	Quoted (Y/N)	2019/20 £000	2020/21 £000
Cash and Cash Equivalents:			
- Cash Accounts	Y	9,234	14,198
Equity Instruments:			
- UK	Y	29,275	0
- Global	Y	135,314	155,290
- Emerging markets	Y	18,215	26,176
Bonds:			
- UK Government Indexed	Y	23,504	68,350
- Sterling Corporate Bonds	Y	37,985	40,928
Property:			
- Property Funds	Y	41,551	34,839
Alternatives:			
- Hedge Funds	Y	24,133	25,231
- Diversified Growth Funds	Y	56,577	45,763
- Infrastructure	Y	33,632	37,613
- Secured Income	Y	6,331	25,589
- Exchange Traded Funds	Y	3,957	9,916
Closing Balance at 31 March		419,708	483,893

Basis for Estimating Assets and Liabilities

Pensions Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including, for example mortality rates and salary levels. Both the LGPS and discretionary teachers' benefits liabilities have been assessed by Mercer Limited, an independent firm of actuaries, providing estimates for the Avon Pension Fund based on the latest full valuation of the scheme as at 31 March 2019. The estimated duration of liabilities (at later of 31 March 2019 and admission date) is 15 years.

The significant assumptions used by the actuary in their calculations were:

Notes to the Balance Sheet

	2019/20	2020/21
Rate of CPI inflation	2.1%	2.7%
Rate of increases in salaries	3.6%	4.2%
Rate of increases in pensions	2.2%	2.8%
Rate for discounting scheme liabilities	2.4%	2.1%
Mortality Assumptions		
Longevity at 65 for current pensioners	Years	Years
Men	23.2	23.3
Women	25.3	25.4
Longevity at 65 for future pensioners in 20 years time	Years	Years
Men	24.7	24.8
Women	27.3	27.4

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	2019/20	2020/21
Impact of the Defined Benefit Obligation in the Scheme:	£000	£000
Longevity - 1 year increase in life expectancy	18,066	23,068
Rate of inflation - 0.1% increase	10,339	11,807
Rate of increase in salaries - 0.1% pay growth	946	961
Rate for discounting Scheme Liabilities - 0.1% increase in discounting rate	(10,181)	(11,627)

Governance and Risk Management

As the administering authority, Bath and North East Somerset Council (B&NES), has legal responsibility for the pension fund as set out in the Local Government Pension Scheme Regulations. B&NES delegates its responsibility to the Avon Pension Fund Committee, which is the formal decision-making body for the Fund. The Avon Pension Fund Committee is responsible for the Funds' investment, funding, administration and communication strategies. It also monitors the performance of the fund, and approves and monitors compliance of the statutory statements and policies required under the Regulations. The Committee is supported by an Investment Panel, which considers the investment strategy and investment performance in greater depth.

Notes to the Balance Sheet

Impact on the Council's Cash flows

The Fund targets a pension paid throughout life. The amount of pensions depends on how long employees are active members of the scheme and their salary when they leave the scheme ("final salary scheme") for service up to 31 March 2014, and on revalued average salary ("career average scheme") for service from 1 April 2014.

Regulations governing the Fund require actuarial valuations to be carried out every three years. Contributions for each employer are set having regard to their individual circumstances. The Regulations require the contributions to be set with a view to targeting the Fund's solvency, and the detailed provisions are set out in the Fund's Funding Strategy Statement. The most recent valuation of the Avon Pension Fund as at 31 March 2019, showed a shortfall of assets against liabilities of £258 million, equivalent to a funding level of 95%.

The Council's contribution rate for 2020/21 was 17.8% (2019/20 15.7%) and, along with other employers in the Fund, is paying additional contributions (equivalent to 6.9% for 2020/21 (2019/20 12.30%) over a period of up to 12 years in order to meet the shortfall. The Council estimates its employer contributions to the Fund for 2021/22 will be £10.482m, including £2.39m (equivalent to 6.9% of pensionable pay) in respect of deficit recovery (Estimates in 2019/20 for 2020/21 were £9.748m, £2.33m, 6.9% respectively).

Risks and Investment Strategy

The Avon Pension Fund does not have an explicit asset and liability matching (ALM) strategy. The primary objective of its investment strategy is to generate positive real investment return above the rate of inflation for a given level of risk to meet the liabilities as they fall due over time. When setting the investment strategy, the expected volatility of the assets relative to the value placed on the liabilities is measured and taken into account. The aim of the strategy and management structure is to minimise the risk of a reduction in the value of the assets and maximise the opportunity for asset gains across the Fund.

To achieve its investment objective the Fund invests across a diverse range of assets such as equities, bonds, property and other alternative instruments, and uses a number of investment managers. The risk management process identifies and mitigates the risks arising from the Fund's investment strategy and policies, which are reviewed regularly to reflect changes in market conditions. As a result of its investment strategy, the Fund is exposed to a variety of financial risks, including market risk (market price, interest rate and currency risk), credit risk and liquidity risk.

- Market Risk – the objective of the investment strategy is to manage and control market risk within acceptable parameters, while optimising the return. Volatility in market risk is managed through diversification across asset class and investment managers.
- Credit Risk – as the market values of investments reflect an assessment of creditworthiness in their pricing, the risk of loss is implicitly provided for in the carrying value of the assets and liabilities.
- Liquidity Risk – the investment strategy and cash management policy ensure that the pension fund has adequate cash to meet its working requirements. The Fund has immediate access to its cash holdings and a substantial portion of the Fund's investments consist of readily realisable securities, in particular equities and fixed income investments. The main liabilities of the Fund are the benefits payable as they fall due over a long period and the investment strategy reflects the long-term nature of these liabilities.

Notes to the Balance Sheet

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

35.3. Unfunded Teachers' Discretionary Benefits

The Council's is responsible for any additional discretionary pension benefits awarded to teachers upon early retirement outside of the terms of the teachers' pension scheme.

Pensions assets and liabilities recognised in the Balance Sheet

The present value of the defined benefit obligation in the Balance Sheet as at 31 March 2021 is £21.6m (31 March 2020 £21.4m). There are no assets associated with the scheme.

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2019/20 £000	2020/21 £000
Opening Balance at 1 April	(23,459)	(21,402)
Interest Cost	(543)	(494)
Remeasurement Gains / (Losses)	906	(1,348)
Employers contribution / Benefits Paid	1,694	1,662
Closing Balance at 31 March	(21,402)	(21,582)

Basis for Estimating Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions include, for example, mortality rates and salary levels. The liabilities have been assessed by Mercer Limited, an independent firm of actuaries, providing estimates for the Avon Pension Fund, based on the latest full valuation of the scheme as at 31 March 2019. The estimated duration of liabilities (at later of 31 March 2019 and admission date) is 9 years.

The main assumptions used in their calculations have been:

	2019/20 £000	2020/21 £000
Rate of CPI inflation	2.1%	2.7%
Rate of increases in pensions	2.2%	2.8%
Rate for discounting scheme liabilities	2.4%	2.1%
Mortality Assumptions		
Longevity at 75 for current pensioners	Years	Years
Men	14.3	14.4
Women	16.1	16.2

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible

Notes to the Balance Sheet

changes of the assumptions occurring at the end of the reporting period, and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	2019/20	2020/21
Impact of the Defined Benefit Obligation in the Scheme:	£000	£000
Longevity - 1 year increase in life expectancy	834	888
Rate of inflation - 0.1% increase	193	197
Rate for discounting Scheme Liabilities - 0.1% increase in discounting rate	(193)	(193)

Governance and Risk Management

The Teachers' Pension Scheme arrangements are managed centrally by government departments / agencies, and there is no material involvement for the Council.

Impact on the Council's Cash flows

The Scheme targets a pension paid throughout life. The amount of pensions depends on how long employees are active members of the scheme and their salary when they leave the scheme ("final salary scheme") for service up to 31 March 2015, and on revalued average salary ("career average scheme") for service from 1 April 2015. The Council's involvement is limited to additional discretionary pension benefits to retired teachers which were awarded at the point of retirement.

Risk Strategy

Given their unfunded nature, there are no investment risks in relation to this scheme. The greatest single risk is that the government could change the funding standards relating to the scheme, increasing the Council's contributions.

36. Leases

36.1. Authority as Lessee

Finance Leases

The Council has acquired property, vehicles and print room equipment under finance leases and sums included within the Balance Sheet are as follows:

Notes to the Balance Sheet

	2019/20 £000	2020/21 £000
<u>Asset carrying values</u>		
Other land and buildings	1,163	1,131
Investment properties	4,100	3,599
Vehicles, plant, furniture & equipment	0	0
Total	5,263	4,730
<u>Other long term liabilities</u>		
Finance lease liabilities	(22,427)	(22,091)
Lease premiums in advance	(417)	(388)
Total	(22,844)	(22,479)

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the assets acquired and finance costs that will be payable in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	2019/20 £000	2020/21 £000
Finance lease liabilities		
- Current	(322)	(336)
- non Current	(22,427)	(22,091)
Finance costs payable in future years	(22,365)	(21,522)
Total Minimum Lease Payments	(45,114)	(43,949)

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Not later than one year	(1,165)	(1,173)	(322)	(336)
Later than one year and not later than five years	(4,735)	(4,765)	(1,433)	(1,492)
Later than five years	(39,214)	(38,011)	(20,994)	(20,598)
Total	(45,114)	(43,949)	(22,749)	(22,426)

Operating Leases

The Council utilises a number of administrative buildings and its fleet of vehicles by entering into operating leases, with typical lives of 5 years for vehicles and equipment and 205 years for property. The future minimum lease payments due under non-cancellable leases in future years, and related charges to the Cost of Services in the Comprehensive Income and Expenditure Statement, are not material.

Notes to the Balance Sheet

36.2. Authority as Lessor

Finance Leases

The Council has leased out 6 secondary schools and 35 primary schools to Academies on 125 year finance leases, all at peppercorn rents, which is a statutory requirement for Academies. The Council's gross investment in these leases, is made up as follows:

	2019/20 £000	2020/21 £000
Unguaranteed residual value of property	51,207	52,949
Gross investment in the leases	51,207	52,949

The gross investment in these leases is receivable in more than 100 years.

Operating Leases

The Council owns various commercial and investment property that it leases out with typical lives of 34 years under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2019/20 £000	2020/21 £000
Not later than one year	5,960	6,192
Later than one year and not later than five years	13,216	10,520
Later than five years	7,697	7,037
Total future Minimum lease payments receivable	26,873	23,749

The gross value of assets which were held for use in operating leases was £44.504m, valued at 31st March 2021 (31st March 2020: £44.750m).

Notes to the Cash Flow Statement

37. Notes to the Cash Flow Statement

37.1. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2019/20 £000	2020/21 £000
Depreciation and impairment	20,831	23,559
Increase / (decrease) in creditors	(4,247)	32,550
(Increase) / decrease in debtors	(2,909)	(4,287)
(Increase) / decrease in inventories	82	13
(Increase) / decrease in impairment for bad debts	0	103
Movement in Pension liability	9,345	6,377
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	7,453	7,353
Other non-cash items charged to the net surplus or deficit on the provision of services	29,383	(13)
Net adjustments for non-cash movements	59,938	65,655

37.2. Adjustments for items included in the surplus / (deficit) on provision of services that are investing and financing activities

	2019/20 £000	2020/21 £000
Capital grants applied to the financing of capital expenditure	(45,958)	(34,102)
Proceeds from the sale of property, plant and equipment, investment property and intangible as	(5,104)	(2,511)
Net adjustments for investing and financing activities	(51,062)	(36,613)

37.3. Operating Activities

The cash flows for operating activities include the following:

	2019/20 £000	2020/21 £000
Interest received	1,600	890
Interest paid	(5,851)	(6,367)

Notes to the Cash Flow Statement

37.4. Cash Offsetting Arrangements

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those areas that have been offset in the balance sheet.

	2019/20 £000	2020/21 £000
Cash subject to netting arrangement	20,664	34,408
Overdraft subject to netting arrangement	(18,503)	(29,500)
Net cash subject to netting arrangement	2,161	4,908
Other cash and cash equivalents	434	5,419
Cash and cash equivalents presented in the Balance Sheet	2,595	10,327

37.5. Total liabilities from financing activities

	31 March 2020 £000	Financing cash flows £000	Non-cash changes Aquisition £000	Other £000	31 March 2021 £000
Long term borrowings	(148,719)	(1,747)	0	7,253	(143,213)
Short term borrowings	(890)	340	0	(7,253)	(7,803)
Short term creditors	(17,753)	0	0	0	(17,753)
Finance lease liabilities	(322)	322	0	(336)	(336)
Total liabilities from financing activities	(167,684)	(1,085)	0	(336)	(169,105)

Collection Fund

This account reflects the Council's statutory responsibility as a billing authority to maintain a separate Collection Fund, which shows the transactions in relation to council tax and business rates, and illustrates the way in which these have been distributed to preceptors and the General Fund.

	Note	2019/20			2020/21		
		Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
Income							
Council Tax Receivable	CF1		(136,181)	(136,181)		(141,618)	(141,618)
Business Rates Receivable	CF2	(64,716)		(64,716)	(36,191)		(36,191)
Total Income		(64,716)	(136,181)	(200,897)	(36,191)	(141,618)	(177,809)
Expenditure							
Apportionment of Previous Years' Surplus / (Deficit)							
- Central Government		(379)		(379)	645		645
- North Somerset Council		(371)	650	279	632	(1,644)	(1,012)
- Police and Crime Commissioner for Avon & Somerset			90	90		(248)	(248)
- Avon Fire Authority		(7)	33	26	13	(84)	(71)
		(757)	773	16	1,290	(1,976)	(686)
Precepts, Demands and Shares							
- Central Government		28,748		28,748	29,461		29,461
- North Somerset Council		28,174	114,266	142,440	28,872	119,551	148,423
- Police and Crime Commissioner for Avon & Somerset			17,288	17,288		18,039	18,039
- Avon Fire Authority		575	5,832	6,407	589	5,934	6,523
		57,497	137,386	194,883	58,922	143,524	202,446
Charges to Collection Fund							
Write offs of uncollectable amounts		(494)	(795)	(1,289)	(598)	(1,500)	(2,098)
Increase / (Decrease) in Bad Debt Allowances		913	994	1,907	1,069	2,551	3,620
Increase / (Decrease) in Provision for Appeals		3,209		3,209	1,941		1,941
Cost of Collection		260		260	255		255
Disregarded Amounts	CF5	963		963	436		436
		4,851	199	5,050	3,103	1,051	4,154
Total Expenditure		61,591	138,358	199,949	63,315	142,599	205,914
(Surplus) / Deficit arising during the year		(3,125)	2,177	(948)	27,124	981	28,105
(Surplus) / Deficit b/fwd 1st April		1,413	(155)	(500)	(1,712)	2,022	310
(Surplus) / Deficit c/fwd 31st March	CF4	(1,712)	2,022	310	25,412	3,003	28,415

Notes to the Collection Fund

CF1 Council Tax

Under the council tax system, North Somerset Council must collect each year enough money from local residents to cover the cost of the services we provide, which are not funded by other sources such as government grants and fees and charges. We also collect North Somerset's share of the cost of services provided by Avon & Somerset Police, Avon Fire Authority and the Parish and Town Councils, and pass this back to them through a precept payment.

Council tax is payable on any dwelling which is not exempt. The amount of council tax that each household pays depends upon the valuation band in which the property is placed and the Parish or Town in which the dwelling is situated.

In order to set the council tax, we estimate the number of dwellings in each of eight valuation bands and convert these estimates into an "equivalent number of Band D dwellings". The table below shows the calculation for 2020/21:

Valuation Bands	Estimated number of taxable dwellings after effect of exemptions and discounts	Ratio	Equivalent number of Band D dwellings
A - up to £40,000	11,314	6/9	7,542.9
B - £40,001 to £52,000	18,760	7/9	14,590.7
C - £52,001 to £68,000	20,710	8/9	18,408.8
D - £68,001 to £88,000	15,929	9/9	15,929.3
E - £88,001 to £120,000	11,852	11/9	14,485.6
F - £120,001 to £160,000	5,997	13/9	8,661.7
G - £160,001 to £320,000	3,163	15/9	5,271.7
H - over £320,001	236	18/9	471.0
	<u>87,960</u>		85,361.7
Reduction for Council Tax Support Scheme			(6,222.0)
Allowance for Losses on Collection			(638.8)
Allowance for New Properties			684.2
Council Tax Base for 2020/21			<u>79,185.1</u>

The total number of "equivalent Band D dwellings" is divided into the total cost of services to arrive at an "average Band D Tax" per dwelling. Dwellings in bands below "Band D" will pay proportionately less than this average and dwellings in bands above "Band D" will pay proportionately more than this average.

The above calculations resulted in an "average Band D Tax" of £1,812.52 per dwelling for 2020/21 (2019/20 - £1,730.92) after taking into account Parish variations and providing a 0.80% provision for unpaid bills (2019/20 - 0.80%), movement in council tax support claimants and new build properties not as planned.

The actual council tax income for 2020/21 was £141.618m; dividing this figure by the "average Band D Tax" results in an actual tax base of 78,133.2 dwellings. The difference between this and the total "equivalent Band D dwellings" of 79,185.1 reflects:

- Variations in the property market
- Changes in the number of exempt dwellings
- Changes in the number of dwellings qualifying for discounts

Notes to the Collection Fund

CF2 National Non-Domestic Rates

Under the Business Rates Retention Scheme, the Council acts as both principal and agent. It can retain 49% of the net standard business rates collected within the local area as income within its own budget, as well as 100% of net rates from new properties within designated areas and those relating to renewable energy schemes (Disregarded Amounts). The Council distributes the remaining net balance of standard business rate income to Central Government, who are allocated 50%, with the final 1% to the Fire Authority.

	2019/20	2020/21
Total Non-domestic Rateable Value at 31 March	£163,457,324.00	£164,026,269.00
National Non-domestic Rate Multiplier - Standard	0.504	0.512
National Non-domestic Rate Multiplier - Small Business	0.491	0.499

The Business Rates receivable amount on the face of the Collection Fund Account of £36.191m, is significantly lower than the total of the Non-domestic Rateable Value multiplied by the Non-domestic Rate Multiplier due to the award of various reliefs. In particular, in 2020/21, all Retail, Hospitality and Leisure businesses were granted 100% rates relief (total £29.755m) as part of Government measures to address the impact of Covid-19.

CF3 Taxpayers' arrears

	2019/20 £000	2020/21 £000	
Council Tax Arrears	11,497	12,677	
Business Rate Arrears	3,929	7,546	
Gross Tax Payers' Arrears at 31 March	15,426	20,223	
Council Tax Prepayments	(5,229)	(6,140)	
Business Rates Prepayments	(1,609)	(2,075)	
Gross Tax Payers' Prepayments at 31 March	(6,838)	(8,215)	
Net Tax Payers' Arrears as at 31 March	8,588	12,008	
<u>Allowance for Bad Debts</u>	2019/20 £000	2020/21 £000	% of arrears at 31 March
Council Tax	(6,349)	(7,400)	58.37%
Business Rates	(2,205)	(2,675)	35.45%
Total Tax Payers' Bad Debt Allowance	(8,554)	(10,075)	

Notes to the Collection Fund

CF4 Balance Sheet items apportionment

2020/21	Total £000	North Somerset Council £000	Police & Crime Commissioner £000	Central Government £000	Avon Fire Authority £000
Council Tax					
Debtors	12,677	10,558	1,609	N/A	510
Bad Debt Allowance	(7,400)	(6,163)	(939)	N/A	(298)
Prepayments & Overpayments	(6,140)	(5,114)	(779)	N/A	(247)
(Surplus) / Deficit at 31 March	3,003	2,502	376	N/A	125
Business Rates					
Debtors	7,546	3,698	N/A	3,773	75
Bad Debt Allowance	(2,675)	(1,311)	N/A	(1,337)	(27)
Prepayments & Overpayments	(2,075)	(1,017)	N/A	(1,037)	(21)
Appeals Provision	(10,541)	(5,165)	N/A	(5,271)	(105)
(Surplus) / Deficit at 31 March	25,412	12,452	N/A	12,706	254

2019/20	Total £000	North Somerset Council £000	Police & Crime Commissioner £000	Central Government £000	Avon Fire Authority £000
Council Tax					
Debtors	11,496	9,576	1,445	N/A	475
Bad Debt Allowance	(6,349)	(5,288)	(798)	N/A	(263)
Prepayments & Overpayments	(5,229)	(4,356)	(657)	N/A	(216)
(Surplus) / Deficit at 31 March	2,022	1,682	254	N/A	86
Business Rates					
Debtors	3,928	1,925	N/A	1,964	39
Bad Debt Allowance	(2,204)	(1,080)	N/A	(1,102)	(22)
Prepayments & Overpayments	(1,609)	(788)	N/A	(805)	(16)
Appeals Provision	(11,450)	(5,610)	N/A	(5,725)	(115)
(Surplus) / Deficit at 31 March	(1,712)	(839)	N/A	(856)	(17)

CF5 Business Rates – Disregarded amounts

From April 2013 the Council could retain 100% of the growth from the business rates associated with renewable energy sites, and from April 2014 the Council was also allowed to retain 100% of the growth in business rates in its Enterprise Area.

All such growth is transferred to the Council's General Fund, with the Enterprise Area growth then being pooled with other participating authorities in the City Region Deal (see Note 22 to the main financial statements for full details).

	2019/20 £000	2020/21 £000
Renewable Energy	357	136
Enterprise Area - transfer to City Region Deal	606	300
	<u>963</u>	<u>436</u>

Accounting policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the financial year 2020/21, and its position at the year-end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts & Audit Regulations 2015. These regulations require the accounts to be prepared in accordance with proper accounting policies, which primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared on a 'going concern' basis.

ii. Recognition of Income and Expenditure

The Council recognises its revenue and capital income and expenditure on an accruals basis. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of the contract, in line with IFRS 15 'Revenue from contracts with service recipients'.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Revenue relating to council tax and non-domestic rates is measured at the full amount receivable (net of any impairment losses).

iii. Council Tax and Non-Domestic Rates

The Council is required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR. The Council acts as agent, collecting Council Tax and Non-Domestic Rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principal, collecting Council Tax and NDR for itself.

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account, and included as a reconciling item in the Movement in Reserves Statement.

Accounting policies

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired, the asset is written down and a charge made to the 'Taxation and Non-Specific grant income' line in the CIES.

iv. Government Grants and Contributions

Government grants and third-party contributions are recognised when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and that the grants or contributions will be received.

Where conditions attached to grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (service specific revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

v. Accounting for Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for council maintained schools lies with the Council.

The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the Council's financial statements (and not the Group Accounts). Therefore, maintained schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council (see Note 1 – Critical Judgements in applying accounting policies).

vi. Charges to Revenue for Non-Current Assets

To record the cost of holding non-current assets during an accounting period, services, support services and trading accounts are debited with:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting

Accounting policies

transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits include such benefits as wages and salaries, paid annual leave and sick leave, and expenses, are paid on a monthly basis, and are recognised on an accruals basis as expenditure in the relevant service line within the Comprehensive Income and Expenditure Statement.

Termination Benefits

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective Service line in the Comprehensive Income and Expenditure Statement.

Post-Employment Benefits

The Council accounts for post-employment benefits when it is committed to give them, even if the actual giving will be many years into the future. In this way the accounts represent the employer's commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit (via reduced contributions) from a surplus in the scheme.

Employees of the Council are members of three different pension schemes:

- The Local Government Pension Scheme, administered by Bath & North East Somerset Council
- The Teachers' Pensions Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- The NHS Superannuation Scheme

The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefits scheme:

- Liabilities attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including, for example, mortality rates, employee turnover rates, and projections of future earnings for current employees.
- Assets within the scheme attributable to the Council are included in the Balance Sheet at their fair value.

The change in the net pension liability is analysed into the following components:

Service cost, comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Service Costs.

Accounting policies

- Net Interest on the net defined benefit liability – i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time - charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurement of the net defined benefit liability, comprising:

- Return on plan assets – excluding amounts included in net interest expense on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Experience gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because the actuaries have updated their financial or demographic assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Statutory provisions require the General Fund balance to be charged only with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, transfers are made to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits, and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the Pensions Reserve therefore measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows, rather than as benefits are earned by employees.

Teachers' Pension Scheme and NHS Superannuation Scheme

The centralised arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they were defined contribution schemes, and no liability for future payments of benefits recognised in the Balance Sheet.

The Children and Young People line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme. The Public Health line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

viii. *Overheads and Support Services*

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

Accounting policies

ix. Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis as a transaction at the end of each financial year, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council usually recognises amounts in excess of £10,000 as Property, Plant and Equipment (PPE) expenditure.

School Assets

School PPE assets are consolidated into the single entity financial statements where:

- it is probable that the future economic benefits or service potential associated with the item will flow to the Council
- the cost of the item can be measured reliably.

Where legal title does not lie with the Council, but under the terms of the lease, trust deed or 'mere licence' the recognition tests are met, the asset is accounted for in the Council's single entity accounts

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV) based on capitalisation of estimated market rent
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost, which is used as an estimate of current value
- car parks – current value, based on capitalisation of actual or notional income as applicable
- community assets – depreciated historic cost, or may elect to value at a valuation which is considered to be appropriate and relevant
- surplus assets – the current value measurement base is fair value, estimated at the highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Accounting policies

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Revaluation

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The Section 151 Officer obtains an annual appraisal of trends in property values from the Council's Property Estates and Regeneration Manager in respect of the Council's assets. Based on this appraisal a judgement will be made as to whether any amendment to the Council's accounts is required or whether an adjustment is needed to its revaluation programme in respect of changes to asset values for assets not revalued in the year.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Section 151 Officer is provided with an annual statement from the Property Estates & Regeneration Manager of any of the Council's assets that suffered an impairment loss during the year.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets over the useful lives. An exception is made for assets without a finite useful life (i.e. freehold land, and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Accounting policies

Depreciation is calculated as at 1 April each year calculated on the following basis:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer (between 1 and 60 years)
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (between 1 and 50 years)
- infrastructure – straight-line allocation over the estimated useful life of the asset (between 20 and 60 years)
- community assets – straight-line allocation over the useful life of the property as estimated by the valuer (between 1 and 50 years)
- surplus assets not held for sale – straight-line allocation over the useful life of the property as estimated by the valuer (between 1 and 60 years)

The remaining life of the Council's assets is determined by the Council's Property Estates & Regeneration Manager or other professional staff under his/her control when the asset is acquired or at the time of revaluation. If the existing use of an asset changes at any time or an asset becomes surplus to requirements, then its finite useful life will be re-assessed.

Where an item of Property, Plant and Equipment, excluding Infrastructure, has a value in excess of £3m, and has major components whose cost is greater than 20% of the total cost of the asset, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

The net loss or gain on disposal is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement. Disposals are reflected as transactions at the end of the financial year.

x. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account, then reverses out the amounts charged so that there is no impact on the level of Council Tax.

Accounting policies

xi. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value.

As non-financial assets, investment properties' fair value are measured at 'highest and best' use. Properties are not depreciated but are revalued annually according to market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement, and posted to the Capital Adjustment Account and Capital Receipts Reserve.

Net rental income received from investment properties is credited to the Financing and Investment Income and Expenditure line, and result in a gain for the General Fund balance.

xii. Financial Instruments

Under IFRS9 'Financial Instruments', Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore measured at amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable is the amount receivable for the year in the loan agreement, which is assessed to not be materially different from interest calculated based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest).

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Accounting policies

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets.

Impairment losses reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Where credit risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed based on 12-month expected losses.

The Council's short-term investments relate to fixed term, fixed interest rate deposits. These are considered to remain low credit risk. Hence expected credit losses on these assets are assessed on a 12-month basis.

Where the authority does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis, it has assessed losses for the portfolio on a collective basis. Financial assets where this approach has been applied are:

- long term debtors relating to mortgages granted to home owners
- trade receivables relating to contracts

The authority considers that the presentation of impairments / credit losses in service segments, rather than in Financing and Investment Income and Expenditure as required by the Code, better reflects the economic reality of the transactions, whilst still providing a 'true and fair view', due to the non-material value of the losses.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and are carried at their amortised cost.

For most of the borrowings that the Council has, the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Accounting policies

xiii. Fair Value Measurement

The Council measures some of its non-financial assets, such as investment properties, and some of its financial instruments, such as equity shareholdings, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a. in the principal market for the asset or liability, or
- b. in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

xiv. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 30 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

xv. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the

Accounting policies

obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

xvi. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment, are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Accounting policies

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is recognised in the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

xvii. Reserves

The Council sets aside specific amounts as usable reserves for future policy purposes or to cover contingencies. For each reserve established, the purpose, usage and the basis of transactions is clearly identified.

Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

‘Unusable’ reserves are kept to manage specific accounting processes for non-current assets, financial instruments, retirement and employee and post-employment benefits, and do not represent usable resources for the Council – these reserves are explained in the relevant notes.

xviii. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

xix. VAT

VAT payable is included as an expense only to the extent that it is not recoverable. VAT receivable is excluded from income.

xx. Allocation between Current and Non-Current

Except for employee entitlements, the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next 12 months, being the Council’s operational cycle. For employee entitlements, all annual leave entitlement is classified as current.

Accounting policies

xxi. City Region Deal

The Council has applied the principles of IPSAS23 'Revenue from non-Exchange transactions' (taxes and transfers) in accounting for the transactions and balances relating to the City Region Deal.

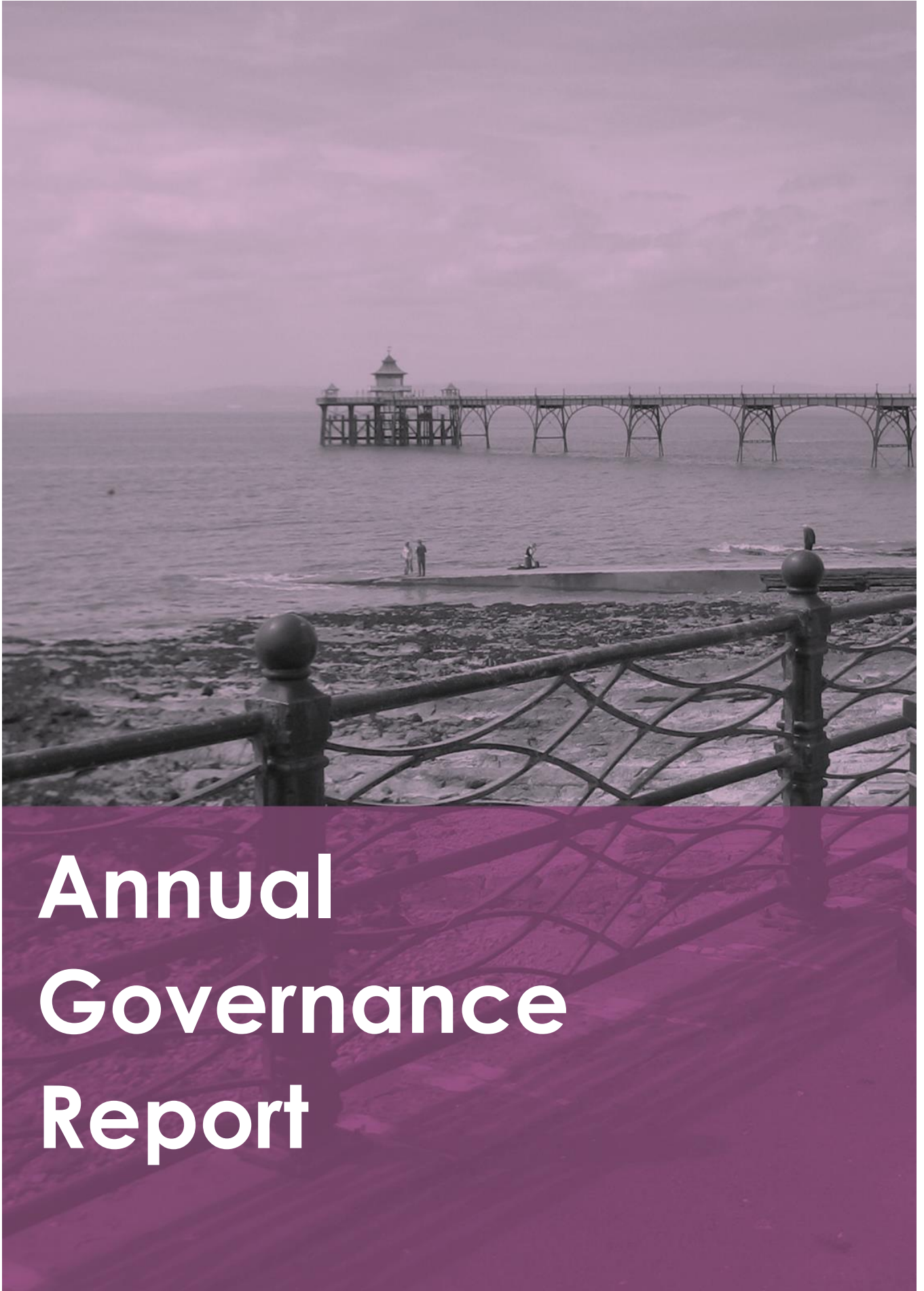
City Region Deal business rates growth paid to the accountable body (South Gloucestershire Council) for the Business Rates Pool (BRP) is recognised by the Council as a debtor until such point that the funds are paid out by the BRP or committed and allocated by the Economic Development Fund (EDF) to fund EDF payments in respect of approved programmes.

- Income - Income receivable by the Council from the BRP is recognised as revenue in the year in which it is due. The Council recognises revenue and a debtor balance to the extent that EDF disbursements are to be received, have been committed to by the EDF, and sufficient cash remains in the BRP to fund the payments.
- Expenditure – Expenditure is recognised by the Council on payments being made by the BRP. Expenditure is recognised in proportion to the degree that the Council has contributed to the BRP through its growth figure, and is capped at the limit of the Council's payment of growth to the BRP in this period, and any previous growth figures paid over which have not been previously paid or committed by the BRP.

xxii. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with the other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council, as a joint operator recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.



Annual Governance Report

Annual Governance Statement

1. Executive summary

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which includes ensuring a sound system of internal control and effective arrangements for the management of risk.

The Council has adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of our code is available from our website.

This Statement explains how North Somerset Council has complied with our Local Code of Corporate Governance and also meets the requirements of The Accounts and Audit (England) Regulations 2015, specifically Regulation 6 (1) in respect of the annual review of the effectiveness of its system of internal control and preparation and publication of an Annual Governance Statement.

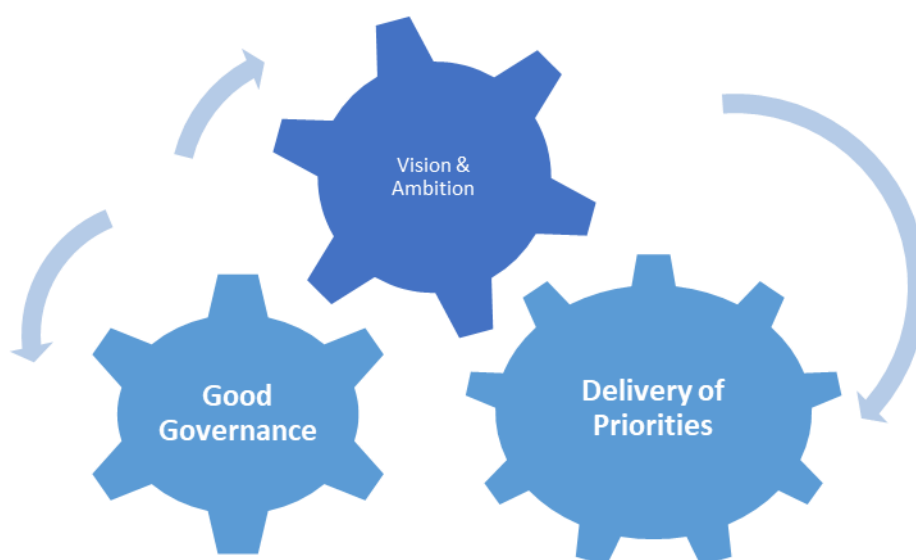
The governance framework described in this Statement has been in place at the Council for the year ended 31 March 2021, and up to the date of the approval of the statement of accounts.

As part of statutory requirements, the Head of Audit and Assurance is required to give an opinion on the internal control framework. His opinion, detailed in section 7 of this statement, is that, based on the planned work completed due to the circumstances of Covid-19, the Council's internal control framework and systems to manage risk are reasonable.

Significant issues identified through the preparation of this Statement, and the mitigating actions taken and planned to address them, are summarised in section 8.

2. The Purpose of the Governance Framework – Background & Overview for 2020/21

Good governance enables North Somerset Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times and the following diagram illustrates how good governance is integral to supporting the delivery of the organisation's priorities.



Annual Governance Statement

During the last year the governance framework was tested by the Covid-19 pandemic and as a result of the emergency legislation introduced by government the Authority responded promptly to ensure it could continue function and make key decisions.

In the initial phase of the pandemic, in March and April 2020, emergency decision making was enacted through the Chief Executive Officer, in consultation with the Leader of the Council. Each of these decisions were then reported to Council at its following meetings.

This phase only lasted for a short period whilst the Authority adjusted to the national lockdown requirements, and implemented the detail of the coronavirus regulations so that the Council's governance framework could move to online delivery. This entailed all formal (and informal) governance boards and committees meeting virtually through the use of Zoom. This was accomplished quickly and meant that no further significant changes were required to the processes underpinning key decision making, policy development and the Corporate Governance of the Authority.

The Constitution, which sets out how the Authority operates, is kept under constant review and updated as necessary through the year. It clearly defines the roles of councillors and officers and this clarity contributes to effective working relationships.

As part of this ongoing review, at its June & November meetings the Council approved further changes to its Constitution and governance framework including –

- a) Updating delegated Authorities to Directors to align to organisational changes;
- b) Updating various technical issues relevant to Standing Orders England Regulations 2001 and the Model Constitution;
- c) Referencing the move to online meetings to make key decisions;
- d) Updating terms of reference of the Employment Committee;
- e) Updating the process for handling of complaints.

The Council's Local Code of Corporate Governance aims to ensure that in conducting its business the Council:

- operates in a lawful, open, inclusive and honest manner
- makes sure public money is safeguarded, properly accounted for and spent wisely
- has effective arrangements in place to manage and control risk
- secures continuous improvements in the way it operates.

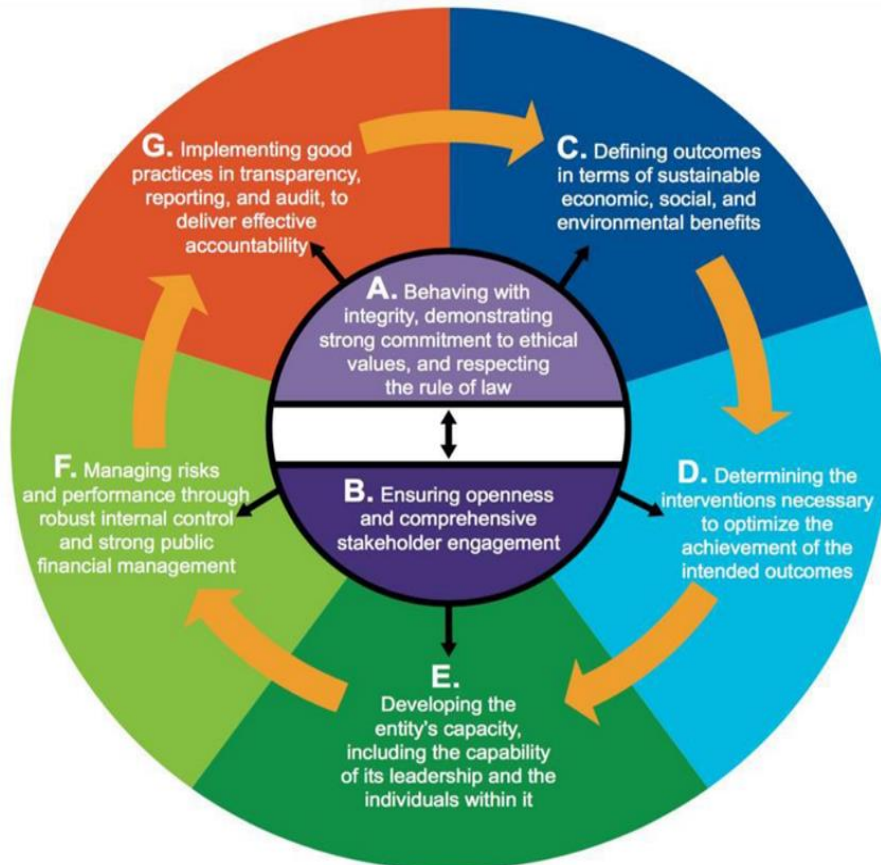
The Code comprises the systems and processes, culture and values and structures by which the Council is directed and controlled. The Code is the sum total of all of these things, and it includes those activities required to enable the Council to engage with, account to and lead the communities it serves. The Code enables the Council to set its strategic objectives and to manage the achievement of the objectives whilst ensuring delivery of appropriate, cost effective services.

The system of internal control is a significant part of that Code and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

Annual Governance Statement

The CIPFA/SOLACE framework envisages that the Code will be organised to ensure a continuous process of good governance based on seven principles.

The governance framework and an attendant Code has continued to be in place at North Somerset Council for the year ended 31 March 2021, and will be up to the date of approval of the statement of accounts.

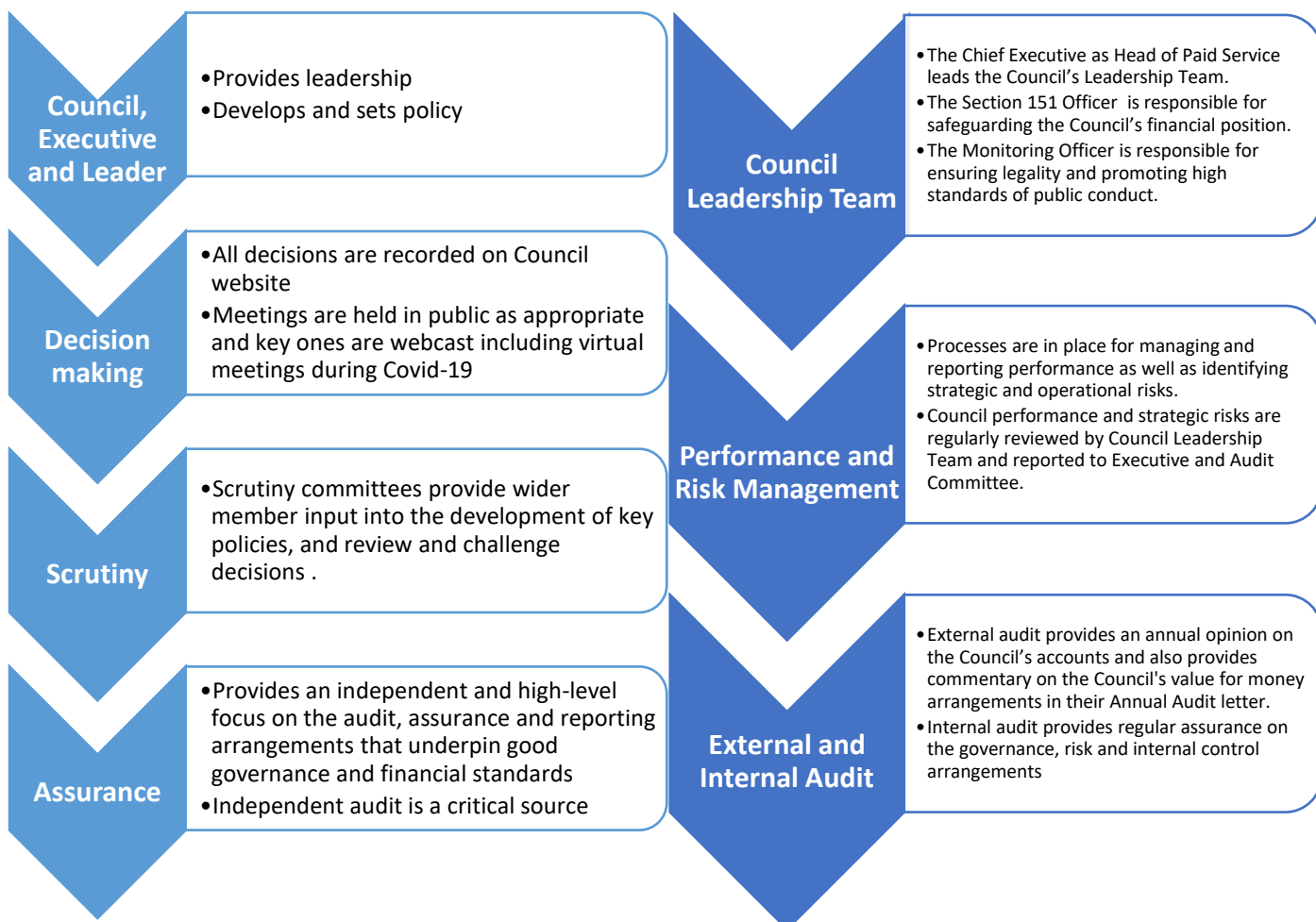


Source: CIPFA/SOLACE

Annual Governance Statement

3. Key Elements of our Code of Corporate Governance – Our Framework

The council’s Constitution is kept under constant review and updated as necessary through the year, and sets out how the Council operates. North Somerset Council has a history of strong democracy, and robust member involvement in decision-making. The key elements of the governance arrangements at the Council during the 2020/21 financial year were:



How we have fulfilled the principles of good governance

Review of the Council’s Code of Governance

As shown above, the Council’s Code of Corporate Governance is made up of the arrangements that the Council has in place to deliver of the requirements of each principle of the Framework. The Code is not a document, it is the sum total of all these systems and processes, culture and values and structures by which the Council is directed and controlled.

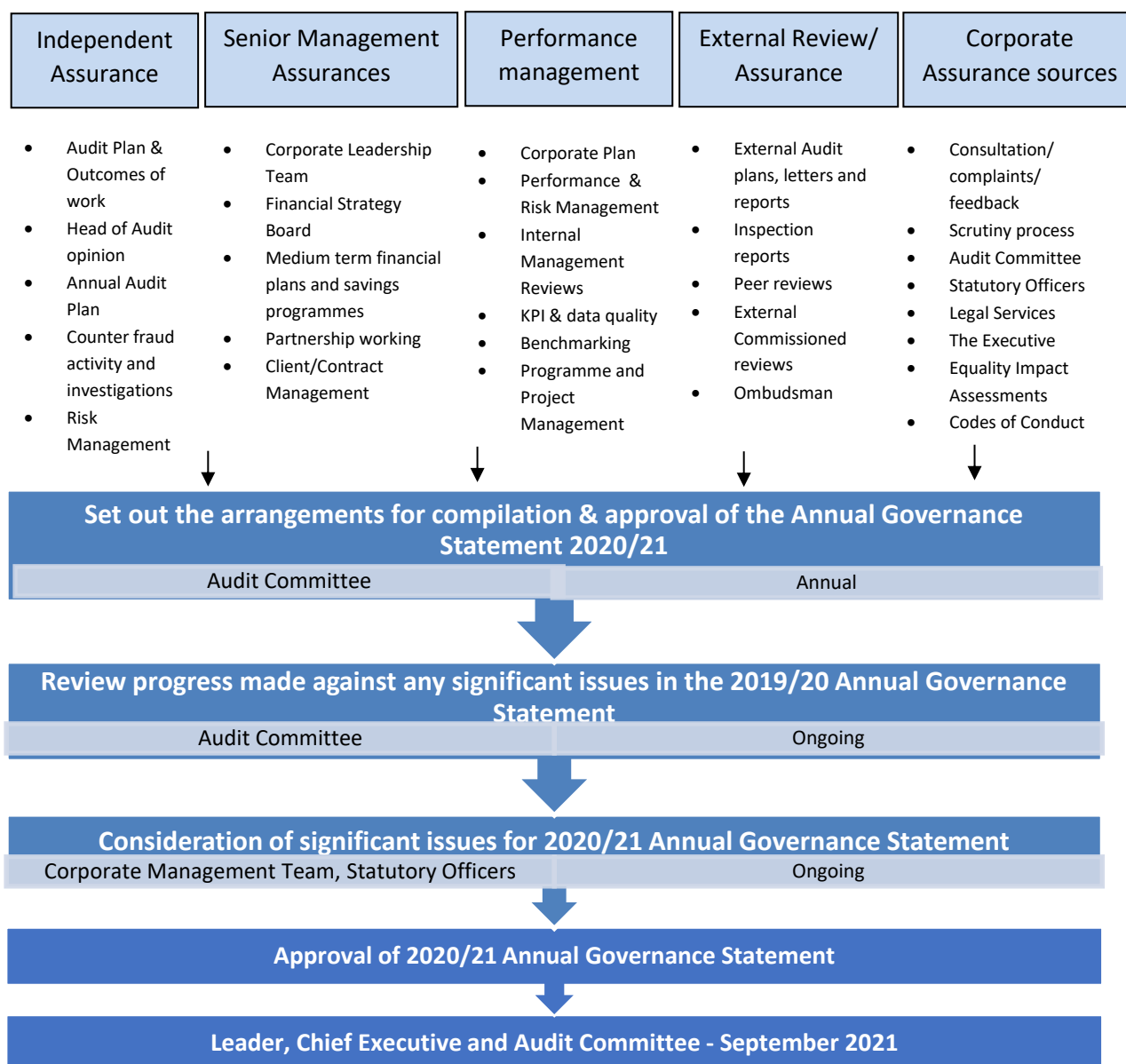
In preparing this Annual Governance Statement the Council has:

- reviewed the Council’s existing governance arrangements against the revised CIPFA / SOLACE ‘Delivering Good Governance in Local Government framework - 2016 Edition’ good practice guidance, and
- assessed the effectiveness of the Council’s Local Code of Corporate Governance.

The remainder of this document sets out some key aspects of how the Council has complied with the principles set out in the Framework during 2020/21. However, it is not intended to be exhaustive.

Annual Governance Statement

4. Methodology for Preparing the Annual Governance Statement 2020/21



5. The Governance Framework

The Council is committed to meeting best practice standards for good governance. The Council has expressed commitment to CIPFA/SOLACE’s core principles of Corporate Governance, as outlined in the guidance document ‘Delivering Good Governance in Local Government: Framework’. The principles and a brief outline of our organisational context regarding these are described below:

The key elements of the Council’s governance framework are described below and a range of supporting documents are available on the Council’s website <http://www.n-somerset.gov.uk/>

Annual Governance Statement

5.1. Principle 1 - Defining outcomes in terms of sustainable economic, social and environmental benefits & determining the interventions necessary to optimize the achievement of the intended outcomes

5.1.1. Identifying and communicating the council's vision of its purpose and intended outcomes for the public and service users

The Corporate Plan was substantially updated and approved by Council during 2019/2020 reflecting the ambition of the newly elected members. It sets out the Council's aims and priorities with three key outcomes for the Community – to be a thriving and sustainable place, to be a Council which empowers and cares about people, and to be an open and enabling organisation. The Council plan was updated and approved by Council in February 2021, to reflect the impact of Covid on the Council's priorities. Progress in delivering these priorities for local people is reviewed as part of the ongoing democratic processes through the Executive reporting structures and scrutiny committees, as well as through the Council's normal communication channels.

5.1.2. Reviewing the councils' vision and its implications for the council's governance arrangements.

The Council's vision as detailed in the updated Corporate Plan is to be 'An open, fairer, greener North Somerset'. The Corporate Plan underpins the work of the council and the priorities set out within the document play an important role in directing the resources including staff and money and thereby the governance arrangements. The approval of the refreshed Council plan in February 2021 aligned with the approval of the Medium Term Financial Plan.

5.1.3. Measuring the quality of services for users, ensuring they are delivered in accordance with the council's objectives and that they represent best use of resources.

A performance management framework describes how the council monitors and manages its performance to ensure the council delivers against its priorities for local people. The council has set clear targets and reports performance against targets. For high level corporate performance indicators, performance is reported quarterly to the Executive and to scrutiny committees. Directorates, services, teams, projects and individuals similarly work to and report performance against their own targets. These are designed to ensure quality, value for money services.

5.2. Principle 2 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

5.2.1. Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.

The Constitution explains how the Council operates, how it makes decisions and the procedures followed to ensure the Council is efficient, transparent and accountable.

The Constitution includes descriptions of how the Council, Executive, Scrutiny and other groups operate and how they work with officers. It describes the rules for how meetings work and how decisions are made. The Constitution is reviewed annually and its outcomes reported back to Council.

During 2019 the newly elected Executive carried out a review of its governance arrangements with support from the Local Government Association to ensure it remained fit for purpose moving

Annual Governance Statement

forward. The results of this review were reported through to the Executive and confirmed the Executive governance model with no fundamental changes being made to core decision making or governance. The Executive continued to keep its governance structure under review and in 2020 added a couple of assistant Executive members to support the Executive with their workload through the pandemic.

5.2.2. Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the council's overall governance arrangements.

The Council works in partnership with a wide range of organisations and groups. A list of these is shown on the Council's website. The main partners are as follows:

- North Somerset Partnership is the overarching partnership for North Somerset, bringing together public, private and voluntary and community sector organisations. The Partnership continues to work hard on new plans to drive further integration and joint working across the different agencies to deliver sustainable benefits for the whole community.
- A new Community Safety Board has been established with partners to provide strong governance around community safety across North Somerset.
- There are two safeguarding boards, which include key partners; North Somerset Safeguarding Children Partnership and North Somerset Safeguarding Adults Board work, which are focused on reducing the risk of abuse and neglect for local people. Both the Children's and Adults Boards are governed by statute.
- Schools are important partners and at high level the Council works with local schools including Academy Schools and other providers through the Strategic Schools Forum (SSF) to support children to achieve their full potential.
- The Council works with its three local Unitary Authorities, the West of England Combined Authority and business partners in the West of England Local Enterprise Partnership. The partnership supports economic growth and works to attract new jobs and investment to the area. The partnership has long established local governance arrangements which were enhanced in response to agreeing the City Region Deal. Whilst Council is not a constituent member of the West of England Mayoral Combined Authority, the Council continues to engage and work closely with partners to ensure North Somerset can maximise opportunities to work across the sub-region on infrastructure, skills, and employment wherever possible.
- More locally the Council has also set up a North Somerset Recovery and Renewal Panel to ensure close working with businesses to focus on economic recovery across North Somerset.
- The Council works closely with health partners across the health footprint of Bristol, North Somerset and South Gloucestershire (BNSSG), as a member of both the BNSSG Executive and Board.
- The Council has set up North Somerset Together to improve joint working with Town and Parish Councils, community groups and the voluntary sector in response to Covid.
- The Council has a Strategic Partnership with Agilisys since 2010 (Agilisys and Liberata) and this partnership delivers much of the Council's support services such as ICT and the revenue and benefits service. Through the partnership the Council has increasingly used private sector expertise and innovation in its day to day business to drive value for money and deliver better services. Governance is through a Strategic Partnership Board which has Member representation and an Operations Board.

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5.2.3. Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and officers.

The Council's values are defined in the Corporate Plan. They influence the way the Council goes about its business through its strategies, plans and behaviours. The values form the Council's leadership standards. These are promoted to all officers and form part of the induction process. All managers are assessed against the leadership standards within the annual appraisal process.

The Council has previously adopted a Code of Conduct in response to the Localism Act and also established a Standards Sub Committee whose remit is to consider any allegations of breaches of the Code. Members are required to disclose any interests, and these are posted on the Council's website. Officers are also required to comply with a Code of Conduct and Customer Care Charter and Standards. On an annual basis officers are required to register any interests.

The Constitution includes a member-officer protocol which defines how officers & members work together.

5.3. Principle 3 - Managing risks and performance through robust internal control and strong public financial management & implementing good practices in transparency, reporting and audit to deliver accountability

5.3.1. Reviewing and updating standing orders, financial regulations, a scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls to manage risks.

The Council periodically updates its Constitution, Standing Orders and Financial Regulations. These incorporate the scheme of delegation and describe how decisions are taken.

The Medium Term Financial Plan details how the Council intends to spend its financial resources over the short and medium term. The Procurement Strategy, rules and procedures have been recently refreshed, and Contract Management arrangements reviewed. All contract opportunities are advertised on the website and through government recommended portals.

The Council's Risk Management Strategy describes the Council's approach to the management of risk and it was revised and updated during the year. The effectiveness of the arrangements is effectively overseen by the Corporate Leadership Team through the decision making process supported by the Audit Committee overseeing the framework. All formal decisions are accompanied by an assessment of the risks involved and the assessments are documented in reports and decision papers.

5.3.2. Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the chief financial officer in local government

The Interim Director of Finance and Property was the Council's Section 151 Officer up until April 2021. Following changes to the organisational structure, a new Director for Corporate Services (& s151 Officer) commenced employment in May 2021. With the Head of Finance temporarily undertaking the s151 Officer role in the intervening period. The s151 Officer attends the Corporate Leadership Team meetings. They ensure all decisions are in accordance with the medium term financial strategy and that public money is properly safeguarded. They are also required to ensure that the Council's finance function is adequately resourced, and officers have the necessary experience and qualifications to provide an effective financial management service.

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As part of good governance, the Finance service has carried out an initial assessment against the CIPFA Financial Management Code 2019. A key goal of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Organisational resilience is particularly important in light of the Covid-19 pandemic and the challenges this has brought.

The Financial Management Code does not yet apply, so 2020/21 was used as a shadow year for compliance. Preparations have commenced including a full self-assessment by the Finance service to understand if any key actions are necessary to meet the requirements of the Code. This is an ongoing process, and during 2021/22 any necessary actions or updates will be monitored through the Audit Committee.

The Head of Finance and Finance Business Partners support the S151 Officer and have Finance Management Team meetings weekly. They also have a monthly finance review with the Council's Executive Member for Finance and Performance. These meetings provide a forum for challenge and formulation of financial strategy and decisions. The group considers short- and long-term budget plans, and the prioritisation of revenue and capital expenditure as well as the use of reserves.

5.3.3. Carrying out the core functions of an audit committee, as identified in CIPFA's audit committee – practical guidance for local authorities.

The Audit Committee comprises five elected Members. The Committee's responsibilities are described in its terms of reference which form part of the Council's constitution. The Committee meets formally and informally during the year and in addition received briefings around specific topics relevant to its terms of reference. The Committee reports annually to Council to detail the work undertaken and demonstrate that it is discharging its responsibilities effectively. The Committee chair has regular meetings with the S151 and Chief Executive.

5.3.4. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Chief Executive, Monitoring Officer, S151 Officer and Head of Audit and Assurance meet as a Statutory Officers Group on a periodic basis to consider any significant statutory or legislative issues impacting upon delivery of the Council's priorities.

The Monitoring Officer and s151 officer approve any reports prior to their consideration by the Executive and Council. In this way the Council ensures it complies with the relevant legislation and guidance and decisions do not place the Council at unacceptable risk.

5.3.5. Whistle blowing and receiving and investigating complaints from the public.

The Council's policies and procedures promote a culture of integrity and high standards. The Constitution includes Codes of Conduct for staff and members, and the Anti-Fraud and Corruption Policy Statement. The Council also maintains a Counter Fraud Strategy and an active programme of work aims to prevent and detect any fraud which might affect the Council which were refreshed during the year including a revised Anti-Bribery Policy, Whistle Blowing Policy, and Anti-Money Laundering Policy and Guidance.

The Internal Audit Service and Human Resources receive and consider anonymous referrals from officers or the public of suspected wrong doing. They work with other council's services or partner organisations to investigate any allegations of improper behaviour and take action as necessary.

Annual Governance Statement

The Council's complaints process is advertised on its website and the public is able to make compliments, suggestions or complaints on line, in person or by phone. The process describes what a member of the public can do if they are unhappy with the way their complaint has been handled.

5.4. Principle 4 - Developing the entity's capacity including the capability of its leadership and the individuals within it

5.4.1. Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

Every officer has an annual appraisal where their performance is reviewed and development needs identified.

The appraisal is accompanied by a training and development plan. Mandatory training for managers includes Managing and Leading in North Somerset. A range of mechanisms are in place to meet officer's individual training and development needs including a suite of e-learning activities.

The Council puts on a programme of extensive training and development for Members which is accessible at any time whilst newly elected Members receive more intensive support.

This includes a full induction process following local elections every four years as well as service and committee specific briefings on individual topics and policy initiatives.

5.5. Principle 5 - Ensuring openness and comprehensive stakeholder engagement

5.5.1. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

The Council takes its responsibilities for listening to what local people want very seriously. All consultations are usually advertised on the website through eConsult. The Council accesses groups with particular needs or interests through established forums such as the Citizens' panel and minority group networks.

Results from consultation exercises and resident's survey have been used to inform the Council's future direction and priorities and North Somerset Life has been an important mechanism for communication.

It is the vital role of ward Members however in listening to the views of the community which provides invaluable levels of feedback and engagement to help assist the Council shape its services appropriately.

The Council has a set of rules that all Council departments and services work to, rather than a specific policy on consultation as indicated in the Local Code of Governance.

6. Review of Effectiveness

6.1. Processes for maintenance and review of the effectiveness of the governance framework

The process for the Annual Governance Statement is a continuous process and Senior officers and Members consider emerging issues during the course of the year. This means that controls issues and risks can be addressed more quickly.

Annual Governance Statement

Publication of this Annual Governance Statement is the culmination of this work. The Council's Chief Executive signs the Statement as a summary of the effectiveness of the Council's governance framework.

6.2. Other contributory review / assurance mechanisms

In evaluating the effectiveness of the Council's governance, information is available from a wide range of sources. These include the Internal Audit Service, the Information Governance Group, the external auditors, inspectorates such as the Care Quality Commission and directorates themselves.

The Head of Audit & Assurance (Audit West), in conjunction with Statutory Officers, reviews the effectiveness of the governance framework during the year and the draft Annual Governance Statement. The Statement is signed by the Chief Executive and Leader of Council, and formally reviewed by the Audit Committee as part of the Financial Statements.

Key risks have been kept under review during the year and will continue to form an ongoing focus for successful delivery of the Council's plans. The year has however obviously been dominated by Covid-19 and significant focus was therefore on managing risk in relation to –

- Public Health
- Local Economy
- Financial Resilience
- Organisational Resilience
- Local Democracy
- Safeguarding the most Vulnerable

This list is not exhaustive due to the scale of the issues created by the Covid-19 pandemic.

7. Head of Audit and Assurance Opinion

As part of statutory requirements, the Chief Audit Executive is required to give an opinion on the internal control framework. In forming this view, I have considered the work of the Audit & Assurance function as well as other assurances I can rely on and consideration of the wider governance framework and performance of the council.

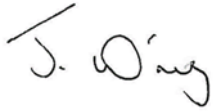
The Head of Audit opinions were tempered by remote working as we could not observe normal practices due to Covid-19. This has continued to be the case throughout the remainder of the year and, coupled with the level of unplanned work and subsequent necessary changes to the original schedule of planned work, has brought into consideration whether a limited or qualified opinion should be issued as a result of the changing plan.

The Institute of Internal Auditors guidance in this respect is that if the Audit Committee has agreed to the changed plan, then there is no need for a limited opinion and the opinion will reflect the work detailed as agreed. It is therefore my opinion that, based on the planned work completed due to the circumstances of Covid-19, the Council's internal control framework and systems to manage risk are reasonable. More detail is provided within the Internal Audit Annual Report to the Audit Committee.

The ongoing financial challenge, especially within a year dominated by Covid-19 also places further pressure on services to respond and manage risk in a proportionate way. A robust Internal Audit service is a vital component of the Council's governance systems and provides the third and final line of defence in relation to the internal control framework.

Signed:

Annual Governance Statement

A handwritten signature in black ink, appearing to read 'J. Wring', written in a cursive style.

Jeff Wring

Head of Audit and Assurance

23rd April 2021

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8. Significant Issues for 2019/20

Issue in 2019/20	Commentary & Mitigating actions for 2020/21	Update on Mitigating actions for 2020/21
<p>Coronavirus Pandemic (Covid-19)</p> <p>North Somerset Council has worked to respond to this public health emergency since declaring a major incident in mid-March. It has been supporting the community including vulnerable residents and local businesses whilst maintaining critical services from refuse collection to child-protection. Throughout we have been following Public Health England advice and guidance.</p> <p>The lock down which commenced in March 2020, requiring residents to ‘stay at home’ impacted on the provision of Council services, and its democratic business.</p> <p>These issues have amounted to a significant and unprecedented situation facing the Council, and its local community. Whilst the Covid-19 pandemic started in 2019/20, most of the impacts have occurred in the following financial year. It is however important these are noted for transparency as they are directly affecting current Council activity.</p>	<p>As at the time of writing this statement the Pandemic is still ongoing. Its impacts are likely to be felt for many years. This commentary is a position statement at the time of the approval of the accounts, as the situation remains extremely fluid on a range of issues.</p> <p>Since the start of the crisis the Council has responded extensively to meet the demands placed on it from the Pandemic. Mitigating actions taken by the Council are set out below:</p>	<p>Since the start of the crisis the Council has responded extensively to meet the demands placed on it from the Covid-19 Pandemic.</p> <p>An update on mitigating actions taken by the Council are set out below:</p>

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Issue in 2019/20	Commentary & Mitigating actions for 2020/21	Update on Mitigating actions for 2020/21
<p>A summary of the key risks to the Council arising from the Coronavirus pandemic are set out below:</p>		
<p>i) Impact on Council's democratic business</p> <p>Lockdown has prevented members from physically attending meetings to make and scrutinise decisions.</p>	<p>The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 provided guidance around the provision of online meetings and allowed decisions to be made that way. Under Article 15.4 (b) of the Council's Constitution, the Monitoring Officer processed a decision on 28th April 2020 to adopt the Virtual Meetings Procedure Rules (VMPR). In addition, the Monitoring Officer amended the public speaking scheme in time for the 6th May 2020 Planning Committee. Since that time the Council has facilitated virtual meetings and also used You-Tube, webinars and online consultations to ensure communities have full access to democracy.</p>	<p>The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 remained valid until 7th May 2021.</p> <p>Virtual meetings held until this date.</p> <p>Meetings now being held in person although considerations being given to safeguarding precautions, such as maintaining social distancing, although this does impact on capacity within facilities.</p> <p>In-formal meetings between members and with officers remain very largely on-line, rather than in person.</p>
<p>ii) Contract Management</p> <p>Covid-19 has impacted on the viability of our providers, contractors, and suppliers, raising concerns around the sustainability of key markets and potential failure of providers to provide essential services.</p>	<p>Known areas that represent significant risks around the viability and sustainability of service providers are the care sector; transport and leisure centre operators. The procurement team are working with Service Leads and contract managers to assess the ongoing viability of providers and market sectors, and reporting back to Directorate Leadership Teams as part of the contract monitoring performance reporting.</p>	<p>Remains under review, additional funding being provided where appropriate.</p>

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Issue in 2019/20	Commentary & Mitigating actions for 2020/21	Update on Mitigating actions for 2020/21
<p>iii) Council's financial viability – reaching a sustainable budget position and maintaining liquidity</p> <p>The most significant organisational implication of the lockdown is the impact on the Council's finances, in particular its local economy and sources of income. The Council and its local economy is heavily reliant on visitors and tourism, and these have been significantly impacted since the beginning of the lockdown as local measures mirror national government advice. Cash-flow and funding issues linked to the payments of Council Tax and Business Rates, and the associated reliefs announced by the Government are also a key area of risk.</p>	<p>Covid- 19 impacts are being tracked and modelled by the S151 Officer and Business Partners, with regular updates presented to CLT and the Executive Members. CLT have approved a strategy to respond to the indicative financial gap for 2020/21, which includes lobbying for additional government support, and Directorate Leadership Teams are working on mitigations to bring in a balanced budget.</p> <p>Cash-flow forecasts are being continually reviewed and amendments made to the ongoing treasury management activities in order to increase liquidity.</p> <p>Financial impacts on the Medium-Term Financial Plan continue to be assessed, including indicative in-year budget gap being quantified, dependent on future level of Government funding.</p>	<p>Covid- 19 impacts are being tracked and modelled by the S151 Officer and Business Partners, with regular updates presented to CLT and the Executive Members.</p> <p>Balanced out-turn achieved for 2020/21 and balanced budget set for 2021/22 which reflects additional funding.</p> <p>Cash-flow forecasts are being continually reviewed and amendments made to the ongoing treasury management activities in order to increase liquidity.</p> <p>Financial impacts on the Medium-Term Financial Plan continue to be assessed, including indicative in-year budget gap being quantified.</p>
<p>iv) Safeguarding of vulnerable adults & children during lockdown</p> <p>Safeguarding is an existing key risk in the Council's Strategic Risk Register. However, Covid-19 impacts on these risks, and therefore further mitigating actions have been undertaken.</p>	<p>The Safeguarding Adults Board and the Safeguarding Children's Partnership are in place with a range of sub-groups and multi-agency quality assurance systems which inform their strategic challenge of all organisations with responsibilities for safeguarding vulnerable children and adults. Both of these groups have met during the Covid-19 'lockdown' period, and received qualitative and quantitative data in regard to how agencies are discharging their responsibilities. Officers have continued to respond to all referrals of concern, although these have been much reduced in number, particularly in relation to</p>	<p>Continuing to review numbers of referrals and reinstating visits where required. Financial monitoring has not seen an return to higher levels as yet although additional resources were included within the MTFP; an underspend in the placements budget was achieved for 2020/21.</p>

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Issue in 2019/20	Commentary & Mitigating actions for 2020/21	Update on Mitigating actions for 2020/21
	<p>children. The Council has sought to mitigate this by maintaining close contact with schools and early years settings so that there has been oversight of the most vulnerable children. Whilst not all families have been seen physically as much as in this period, workers have used digital devices to keep in contact where face to face visits have not been possible.</p> <p>All child protection referrals have been responded to, with visits taking place and workers using PPE when appropriate. Workers undertook risk assessments on all children who had a social worker, but it is important to recognise that there may be children in the community who are ‘hidden’ because they aren’t in school and who may be in stressful, harmful situations. Clearly when ‘lockdown’ is eased we may see an increase in referrals – already the number of referrals is slowly going up but we are confident that a return to previous levels can be responded to in a timely manner. It will only be if the number goes above the norm that additional mitigations would need to be put in place.</p>	
<p>v) Impact on the local economy</p> <p>Wider economic impact, including impacts on the housing market, town centres and high streets.</p>	<p>Lockdown has exacerbated and accelerated existing trends toward the contraction, consolidation and diversification, and the increase of online trading.</p> <p>The Council’s Weston Placemaking Strategy and package of post lockdown measures will focus priorities. A new Economic Plan is in preparation to set out the Council’s ambition. A Future Economy</p>	<p>Some parts of the local economy continue to be impacted as a result of lockdown and restrictions although recovery activity can also be seen. The award of grants to local businesses has helped to sustain sectors during difficult periods and the Council has also supported these efforts through continuing with developments, e.g.</p>

Annual Governance Statement

Issue in 2019/20	Commentary & Mitigating actions for 2020/21	Update on Mitigating actions for 2020/21
	<p>Steering Group is being set up for series of workshops to work towards publication later in summer. The Council is actively engaging with regional partners and Homes England about interventions in housing market, and working with housebuilders and Hosing Associations to understand how to keep building.</p> <p>The Council has supported local businesses through a variety of measures including; financial relief to suppliers, providing flexibility and cash-flow support to Business Improvement Districts and Community Enterprise Companies, administration of the government grant scheme to small businesses and those in the retail, hospitality and leisure sectors, designing and implementing a discretionary business support grant scheme specifically tailored to the local economy.</p>	<p>investment in infrastructure within weston town centre as well as progressing sovereign centre business plans.</p>

9. Significant Issues for 2020/21

Issue in 2020/21	Commentary & Mitigating actions for 2021/22
<p>Coronavirus Pandemic (Covid-19)</p> <p>The impacts of Covid-19 both internationally, nationally and regionally have been unprecedented in both Health and Economic terms. Central Government has put in place emergency legislation which has led to a wide range of measures to manage risks, protect public health and support the economy. These measures have often changed at short notice as the</p>	<p>As detailed the Executive and Senior Management have overseen an extensive set of actions over the key risk areas to respond to the Pandemic.</p> <p>The focus was on three key pillars –</p> <ul style="list-style-type: none"> • Response • Recovery

Annual Governance Statement

Issue in 2020/21	Commentary & Mitigating actions for 2021/22
<p>pandemic impacts altered through the year and these have directly impacted on local authorities.</p> <p>At a local authority level this has affected every area of the Council as front facing and support services have had to adapt to the changing position. In risk and governance terms the most significant impacts are in the following areas –</p> <p>Public Health – Ensuring that the vast range of health mitigations and measures are implemented and communicated to the public so that they are clear, coherent and supportive</p> <p>Local Economy – Ensuring that local businesses can access the extensive level of grant support which was directed to local authorities to administer and manage;</p> <p>Financial Resilience – Ensuring that the organisation is both clear on the financial impacts of loss of income or increase in costs and plan for how these can be managed in year and for the medium term;</p> <p>Organisational Resilience – Ensuring that business continuity can be maintained in a fast changing position as services were temporarily closed, altered or delivered differently and manage organisational effectiveness whilst working at home;</p> <p>Democracy – Ensuring that local decision making at a formal level can continue effectively at all levels whilst working at home and continuing to support public access;</p> <p>Safeguarding – Ensure that the Council can support those who are most vulnerable and provide appropriate measures to protect those most at risk.</p>	<ul style="list-style-type: none"> • Renewal <p>Actions throughout the pandemic were detailed and taken through the Council’s governance arrangements. The actions focused on response, recovery and renewal, whilst continuing to support ongoing delivery of the Council’s Corporate Plan, which was refreshed to reflect the impact of Covid.</p> <p>The budget report in February 2021 provided a further summary of the Council’s position and how future investment underpins Council’s priorities in relation to recovery and renewal and the out-turn report in June 2021 provides details which support the Council’s ongoing sustainability.</p> <p>It is recognised that the pandemic has already had a significant impact on North Somerset and the Council will continue to review the impact and adjust its priorities to respond to these challenges as the situation evolves and the full extent of the long term implications become clear.</p> <p>The mitigations and updates listed above are relatable to this risk and are not repeated to avoid duplication.</p>

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Issue in 2020/21	Commentary & Mitigating actions for 2021/22
The Council and Executive formally considered its response to the pandemic at its June meeting setting out its current position and the range of actions it was taking to support its communities.	

Annual Governance Statement

Conclusion - Certification

As laid out in the statement, North Somerset Council's governance arrangements have been reviewed and considered in line with the CIPFA/SOLACE code of practice. To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2020/21. Significant governance issues identified through the Annual Governance Statement Review process are recorded in Sections 8 and 9.

We propose to take actions to address the issues raised with the objective of enhancing our governance arrangements. The issues and related actions will be monitored as part of the annual governance review process.

Chief Executive and Leader of the Council's Declaration

We have been advised on the results of the review of the effectiveness of the governance framework and certify the Annual Governance statement on behalf of the organisation.

Insert Don Davies signature

Don Davies

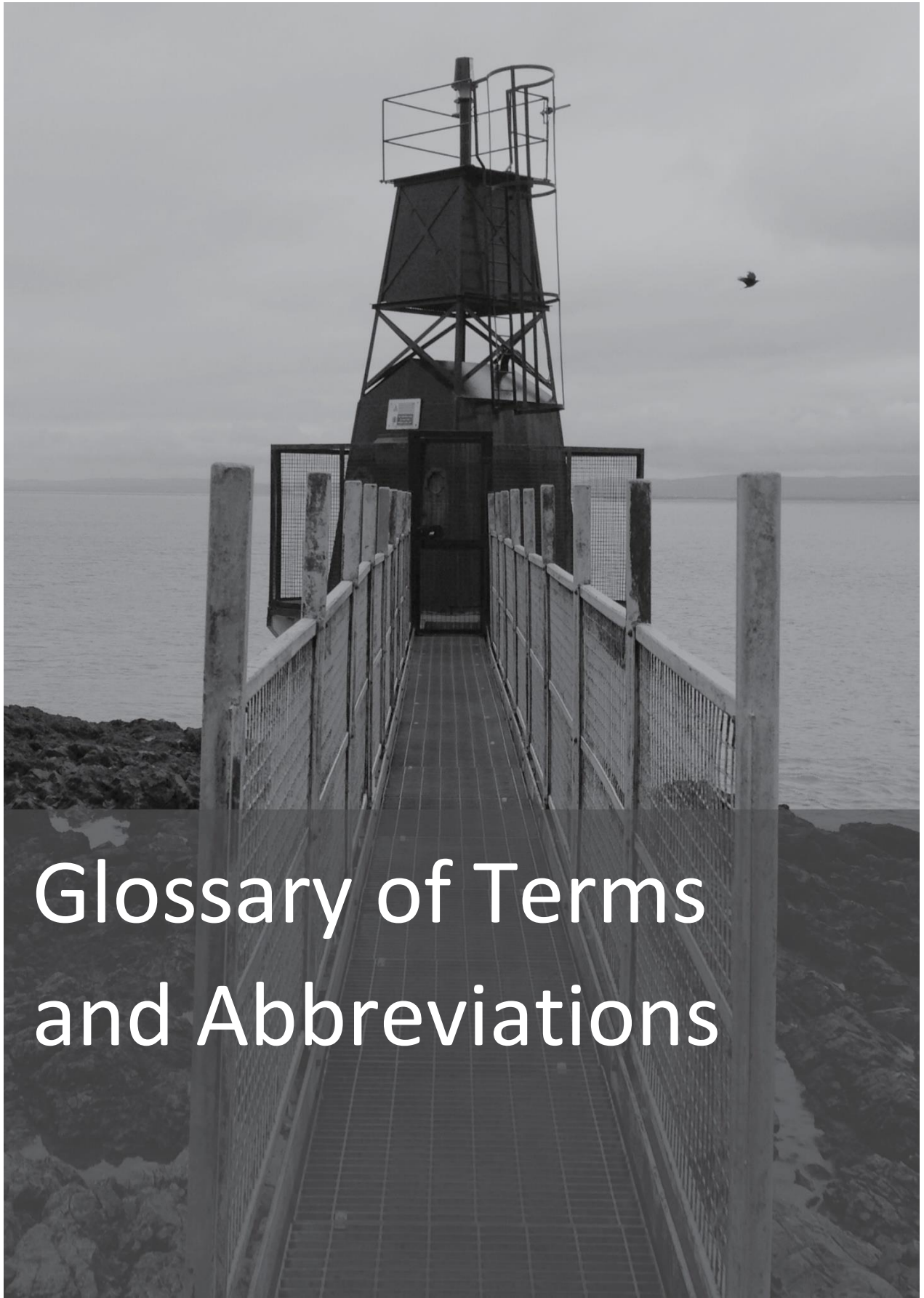
Leader of the Council

Insert Jo Walker signature

Jo Walker

Chief Executive Officer

XX September 2021



Glossary of Terms and Abbreviations

Glossary of Terms and Abbreviations

A

Accounting Period

The period covered by the accounts, normally 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accounting Statements

The Council's Core Financial Statements and Supplementary Financial Statements.

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which no payment has yet been made or received at the Balance Sheet date.

Actuarial Gains and Losses (Pension Schemes)

Changes in the net pensions liability that arise because events have not matched assumptions at the last actuarial valuation or because actuarial assumptions have changed.

Amortisation

A term used to refer to the charging of the value of a transaction or asset (usually related to intangible assets or deferred charges) to the Income and Expenditure Account over a period of time, reflecting the value to the authority; similar to the depreciation charge for Non-Current Assets.

Appointed Auditors

The appointment of external auditors to local authorities is undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association. Grant Thornton UK LLP have been appointed as the Council's external auditors.

Approved Institutions

Funds that are not immediately required may be invested but only with third parties meeting the credit rating criteria approved annually as part of the Council's Treasury Management Policies and Practices.

Asset

An asset is a resource controlled by the Council as a result of past events, and from which future economic benefits are expected to flow to the Council. An item having value in monetary terms. See also Current Assets, Non-Current Assets and Financial Asset.

Audit of Accounts

An independent examination of the Council's financial affairs.

B

Billing Authority

A local authority responsible for collecting Council Tax and National Non-Domestic Rates.

Budget

The forecast of net revenue and capital expenditure over an accounting period.

Glossary of Terms and Abbreviations

C

Capital Expenditure

Expenditure for the acquisition, provision or improvement of non-current assets, which will be of long-term value to the Council, providing services beyond the current accounting period.

Capital Financing

The raising of money to pay for capital expenditure through borrowing, usable capital receipts, capital grants and contributions or use of reserves.

Capital Financing Requirement (CFR)

The underlying need for the Council to borrow to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

Capital Programme

The capital schemes the Council intends to carry out over a specified time period.

Capital Receipts

Money received from the disposal of non-current assets or the repayment of grants and loans, which is available for financing future capital expenditure.

Collection Fund

A statutory fund maintained by a billing authority, which is used to record local taxes and Non-Domestic Rates collected by the authority, along with payments to precepting authorities, the national pool of Non-Domestic Rates and the billing authority's General Fund

Community Assets

Assets which the Council intends to hold in perpetuity, that have no determinable finite useful life, and that may have restrictions on their disposal, e.g. parks, historical buildings. See also Non-Current Assets.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same

Contingency

Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

Contingent Asset

A possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability

A contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount cannot be measured with sufficient reliability.

Glossary of Terms and Abbreviations

Council Tax

The main source of local taxation for local authorities. Council Tax is levied on households within its area by the billing authority and the proceeds are paid into the Collection Fund for distribution to precepting authorities and the Council's General Fund.

Creditors

Amounts owed by the Council for works completed, goods received, or services rendered before the end of the accounting period but for which payments have not been made.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

Curtailement (Pensions)

An event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

D

Debtors

Amounts due to the Council for works completed, goods received, or services rendered before the end of the accounting period but for which payments have not been received.

Demographic assumptions (Pensions)

Assumptions re the longevity of current and future pensioners used by the actuary in assessing pension scheme liabilities.

Depreciation

The estimated benefit of an asset consumed during the accounting period, owing to age, wear and tear, deterioration or obsolescence.

E

Equity

The Council's value of total assets less total liabilities.

Equity Instrument (Financial instruments)

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Events After the Reporting Period

Those events, both favourable and unfavourable, of such materiality that either their disclosure, or amendment to the accounts, is required for the fair presentation of the Statement of Accounts, which occur between the Balance Sheet date and the date on which the Accounts are signed by the responsible financial officer.

Glossary of Terms and Abbreviations

Expected credit losses (Financial instruments)

The weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Experience gain (Pension schemes)

The actuarial gains and losses element arising where actual events have not coincided with the actuarial assumptions made at the last assessment.

External Audit

The independent examination of the activities and accounts of local authorities in order to give an opinion as to whether the Statement of Accounts have been prepared in accordance with legislative requirements and proper practices, and to ensure the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

F

Fair Value (FV)

The price an asset could be exchanged for in an orderly transaction between market participants at the measurement date.

Fees and Charges

Income raised by charging users of services, e.g. leisure centres, trade refuse, etc.

Finance Leases

A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Accounting guidance requires that it should be presumed that such transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment, amounts to substantially all (normally 90% or more) of the fair value of the leased asset. The present value is calculated using the interest rate implicit in the lease.

Financial Asset

A right to future economic benefits controlled by the Council that is represented by:

- cash
- an equity instrument of another entity
- a contractual right to receive cash (or another financial asset) from another entity
- a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the Council.

Financial assumptions (Pensions)

Finance related assumptions used by the actuary in assessing pension scheme liabilities (e.g. rates of inflation)

Financial Instruments

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Glossary of Terms and Abbreviations

Financial Liability

An obligation to transfer economic benefits controlled by the Council that is represented by:

- a contractual obligation to deliver cash (or another financial asset) to another entity
- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Council.

G

General Fund (GF)

The main revenue fund of a billing Council, used to meet day-to-day spending.

Government Grants

Grants made by the Government towards either revenue or capital expenditure to support the cost of provision of the Council's services. Some grants may be restricted to be used towards the cost of particular capital schemes or revenue expenditure of the Council.

Gross Expenditure

The total cost of providing the Council's services before taking into account income from government grants and fees and charges for services.

Growth

Any increase in spending from one year to another which enables the Council to pay for more services rather than to meet higher costs.

H

Housing Benefit (Rent Allowance)

An allowance to persons on low (or no) income to meet, in whole or part, their rent. Benefit is allowed or paid by local authorities but central government refunds part of the cost of the benefit provided and of the running costs of the service to local authorities.

I

Impairment

A permanent reduction in the value of an asset, below its carrying amount on the Balance Sheet.

Income

Amounts that the Council receives or expects to receive from any source, including fees and charges, sales and grants.

Individual Schools Budget

That part of the local schools' budget which must be delegated to schools via the school's funding formula.

Infrastructure Assets

Non-current assets belonging to the Council which do not necessarily have a resale value e.g. highways, and for which a useful life span cannot be readily determined.

Intangible Assets

Non-financial assets which do not have physical substance but are identified and controlled by the Council through legal rights e.g. IT Software.

Glossary of Terms and Abbreviations

Interest Receivable

The money earned from the investment of surplus cash.

Inventories

Items of raw materials and stores the Council has procured to use on a continuing basis and which it has not yet used.

Investment Property

Land and Buildings non-current assets held solely to earn rentals or for capital appreciation, or both.

J

Joint Arrangement

An arrangement under which the participants engage in joint activities but do not create a legal entity.

L

Liability

A liability is where the Council owes payment to an individual or another organisation. See also Contingent Liability, Current Liabilities and Financial Liability.

Local Council Tax Support Scheme

Assistance provided by billing authorities to adults on low incomes to help pay their Council Tax bill. The cost is borne by the Council.

Local Management in Schools (LMS)

A system of delegation of management responsibility and budgets to schools, which has applied since 1990/91, introduced by the Education Reform Act 1988.

Long-Term Assets

Non-current and other assets which can be expected to be of use or benefit the Council in providing its service for more than one accounting period.

Long-Term Liabilities

Amounts which will become due or could be called upon beyond the next accounting period.

M

Materiality

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to influence the decisions of the user of the financial statements.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to a Council's revenue account each year and set aside as provision for repayment of debt, as required by the Local Government Act 2003.

N

National Non-Domestic Rates (NNDR)

A levy on businesses, based on a national rate in the pound set by the Government, multiplied by the rateable value of the premises they occupy.

Glossary of Terms and Abbreviations

Net Book Value (NBV)

The amount at which non-current assets are held after deducting any accumulated depreciation and impairment losses.

Net Debt

The Council's total borrowings less cash investments.

Net Expenditure

Gross expenditure less specific service income.

Net Interest on the Net Defined Benefit Liability (Pensions)

The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

Non-Current Assets

Property, plant and equipment and other assets that bring longer term benefit or service potential to the Council.

Non-Operational Assets

Assets held by the Council but not directly occupied, used or consumed in the direct delivery of services, e.g. assets in the course of construction and surplus assets.

O

Operating Leases

A lease other than a Finance Lease (see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding un-discharged obligations in relation to such leases.

Operational Assets

Non-current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Out-turn

Actual income and expenditure in a financial year (accounting period).

P

Past Service Costs (Pensions)

The increase in the present value of the defined benefit scheme liabilities, related to employee service in prior periods, arising as a result of, or improvement to, retirement benefits.

Pension Fund

An employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on the retirement of its participants. It is financed from contributions from the employing authority, the employee and from investment income.

Pension Strain

Pension strain costs occur when there is a shortfall in the assumed level of funding needed to provide a particular pension benefit. This may occur when a member draws their benefits earlier than expected.

Glossary of Terms and Abbreviations

Precept

A levy made by one statutory body (the Precepting authority) on another to meet the net cost of its services.

Precepting Authorities

Those authorities raising a precept that are not Billing authorities; i.e. do not collect the Council Tax and National Non-Domestic Rates. Police authorities are 'major' precepting authorities and town and parish councils are 'local' precepting authorities.

Prior Period Adjustments

Adjustments made to prior years comparator figures arising from changes in accounting policies or from the correction of material errors.

Provisions

Amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g. bad debts.

Prudence

The concept that income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

Prudential Code

The CIPFA Prudential Code for Capital Finance in Local Authorities – the guidance applicable from April 2004 for the greater freedom for authorities to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Council to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and establish its policy for using the new freedoms.

Public Works Loan Board (PWLB)

A central government agency which provides long and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. The Council is able to borrow a proportion of their requirements to finance capital expenditure from this source.

R

Rateable Value

The annual assumed rental value of a property that is used for NNDR purposes.

RCCO

Revenue Contributions to Capital Outlay - Resources provided from the Council's revenue budget to finance the cost of capital projects.

Revenue Expenditure Funded by Capital Under Statue (REFCUS)

Expenditure of a capital nature but which gives rise to no tangible asset held by the Council, e.g. renovation grants

Related Parties

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or

Glossary of Terms and Abbreviations

- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Examples of related parties to an authority include central government, local authorities and other bodies precepting or levying demands on the Council Tax, its members, its Chief Officers and its pension fund.

For individuals identified as related parties, it is also presumed that members of the close family, or the same household, or any partnerships, companies in which the individual or a member of their close family, or the same household has a controlling interest, are deemed to be related parties.

Related Party Transactions

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. The materiality of related party transactions is judged not only in terms of their significance to the Council, but also in relation to its related party.

Reserves

Amounts set aside in the accounts for the purpose of meeting general, future expenditure. Reserves may also be used to smooth the cost of certain activities over a number of years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Return on Plan Assets (Pensions)

Changes during the period in the net benefit liability that arises from the passage of time, excluding amounts included in Net Interest on the Net Defined Benefit Liability.

Revenue Expenditure

Spending on day-to-day items including employees' pay, premises and transport costs and supplies and services.

Revenue Reversion

Revenue reversion may occur if a capital project is discontinued before the asset is constructed – any previously incurred costs, having produced no asset, cannot be capitalised, and need to be charged to revenue i.e. reverted to revenue.

Revenue Support Grant

A general grant paid by the Government to Council's contributing towards the costs of its services.

S

Settlements (Pension schemes)

A gain or loss on settlement arises when an authority enters into a transaction that eliminates all further obligation for the benefits provided under a defined benefit plan. Settlements have the

Glossary of Terms and Abbreviations

effect of extinguishing a portion of the plan liabilities, usually by transferring plan assets to or on behalf of plan members to their new employer.

Specific grants

The term used to describe all government grants to local authorities, including revenue and capital grants, where the use of the grant is specified by central government.

Supported Borrowing

The amount of Council borrowing towards which the Government provides financial support through the annual Revenue Support Grant.

T

Temporary Borrowing

Money borrowed for a period of less than one year.

Total Cost

The actual cost of services reflecting all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

U

Unsupported (or Prudential) Borrowing

Any borrowing the Council undertakes that is above and beyond the level of Supported Borrowing (which the Government helps to fund), and which therefore the Council has to fund from its own resources.

Glossary of Terms and Abbreviations

Abbreviations used in the Statement of Accounts

B&NES	Bath & North East Somerset Council
BCF	Better Care Fund
CCG	Clinical Commissioning Group
CIPFA	Chartered Institute of Public Finance and Accountancy
DFE	Department for Education
DFT	Department for Transport
DEFRA	Department for Environment, Food & Rural Affairs
IFRS	International Financial Reporting Standard
LAAP	CIPFA's Local Authority Accounting Panel
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LEP	Local Enterprise Partnership
LMS	Local Management in Schools
LSTF	Local Sustainable Transport Fund
MHCLG	Ministry of Housing, Communities and Local Government
MRP	Minimum Revenue Provision
NBV	Net Book Value
NNDR	National Non-Domestic Rates
PWLB	Public Works Loans Board
REFCUS	Revenue Expenditure Funded by Capital Under Statute
SERCOP	Service Expenditure Reporting Code of Practice

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Date: 20 September 2021
Contact: Melanie Watts
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Grant Thornton UK LLP
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Temple Quay
Bristol
BS2 0EL

Dear Sirs

North Somerset Council
Financial Statements for the year ended 31 March 2021

This representation letter is provided in connection with the audit of the financial statements of North Somerset Council for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include property valuations and pension liabilities. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods,

assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the misclassification and disclosures changes schedules included in your Audit Findings Report. The Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. The prior period adjustments disclosed in Note 6 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
- xiv. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
 - a. the nature of the Council means that, notwithstanding any intention to liquidate the Council or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

- b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 20 September 2021.

Signed on behalf of the Audit Committee

Amy Webb
Director of Corporate Resources

Cllr John Cato
Chair of Audit Committee

20 September 2021

20 September 2021

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