



County Offices
Newland
Lincoln
LN1 1YL

13 February 2020

Council

A meeting of the Council will be held on **Friday, 21 February 2020 in the Council Chamber, County Offices, Newland, Lincoln LN1 1YL, commencing at 10.00 am** for the transaction of the business set out on the attached Agenda. The attendance of all Councillors is requested.

Yours sincerely

A handwritten signature in cursive script that reads 'Debbie Barnes'.

Debbie Barnes OBE
Chief Executive

Membership of the Council
(70 Members of the Council)

Councillors T Bridges (Chairman), M Brookes (Vice-Chairman), B Adams, W J Aron, T R Ashton, Mrs A M Austin, M D Boles, Mrs W Bowkett, Mrs P A Bradwell OBE, D Brailsford, C J T H Brewis, Mrs J Brockway, R D Butroid, L A Cawrey, K J Clarke, Mrs K Cook, Mrs P Cooper, P E Coupland, G E Cullen, C J Davie, R G Davies, B M Dobson, M T Fido, I G Fleetwood, R L Foulkes, M A Griggs, R Grocock, A G Hagues, M J Hill OBE, R J Kendrick, P M Key, Mrs J E Killey, S R Kirk, Mrs C J Lawton, C S Macey, C E H Marfleet, C Matthews, A P Maughan, D McNally, Mrs A M Newton, Mrs M J Overton MBE, C R Oxby, R B Parker, S R Parkin, N H Pepper, Clio Perraton-Williams, E J Poll, Mrs S Rawlins, C E Reid, R P H Reid, R A Renshaw, S P Roe, P A Skinner, Mrs E J Sneath, A J Spencer, H Spratt, A N Stokes, M J Storer, C L Strange, E W Strengiel, Mrs C A Talbot, Dr M E Thompson, R H Trollope-Bellew, A H Turner MBE JP, M A Whittington, Mrs S Woolley, L Wootten, R Wootten, C N Worth and B Young

**COUNCIL AGENDA
FRIDAY, 21 FEBRUARY 2020**

Item	Title	Pages
1	Apologies for Absence	
2	Declarations of Councillors' Interests	
3	Minutes of the meeting of the Council held on 11 December 2019	5 - 12
4	Chairman's Announcements	
5	Questions to the Chairman, the Leader, Executive Councillors, Chairmen of Committees and Sub-Committees	
6	Council Budget 2020/21 and Amendment to the Budget for 2019/20	13 - 22
7	Pay Policy Statement & Gender Pay Gap Analysis	23 - 44
8	Changes to Constitution - Financial Regulations and Audit Committee Terms of Reference	45 - 104
9	Appointment to Eastern Shires Purchasing Organisation (ESPO) - Management Committee	105 - 108
10	Motions on Notice Submitted in accordance with the Council's Constitution	

Democratic Services Officer Contact Details

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Please note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details set out above.

Please note: This meeting will be broadcast live on the internet and access can be sought by accessing <http://www.lincolnshire.gov.uk/local-democracy/council-webcasts/>

All papers for council meetings are available on:
www.lincolnshire.gov.uk/committeerecords



**COUNCIL
11 DECEMBER 2019**

PRESENT: COUNCILLOR T BRIDGES (CHAIRMAN)

Councillors M Brookes (Vice-Chairman), W J Aron, T R Ashton, Mrs A M Austin, Mrs W Bowkett, Mrs P A Bradwell OBE, D Brailsford, C J T H Brewis, Mrs J Brockway, R D Butroid, L A Cawrey, K J Clarke, Mrs K Cook, Mrs P Cooper, P E Coupland, C J Davie, R G Davies, B M Dobson, I G Fleetwood, R L Foulkes, M A Griggs, R Grocock, A G Hagues, M J Hill OBE, R J Kendrick, P M Key, Mrs J E Killey, S R Kirk, Mrs C J Lawton, C S Macey, C E H Marfleet, C Matthews, A P Maughan, Mrs A M Newton, Mrs M J Overton MBE, C R Oxby, R B Parker, S R Parkin, N H Pepper, Clio Perraton-Williams, E J Poll, Mrs S Rawlins, C E Reid, R P H Reid, R A Renshaw, S P Roe, H Spratt, A N Stokes, C L Strange, E W Strengiel, Mrs C A Talbot, Dr M E Thompson, R H Trollope-Bellew, M A Whittington, Mrs S Woolley, L Wooten, R Wooten, C N Worth and B Young

29 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors B Adams, M D Boles, G E Cullen, M T Fido, D McNally, P A Skinner, Mrs E J Sneath, A Spencer, M J Storer and A H Turner MBE JP.

30 DECLARATIONS OF COUNCILLORS' INTERESTS

There were no declarations of members interests at this point in the meeting.

31 MINUTES OF THE MEETING OF THE COUNCIL HELD ON 13
SEPTEMBER 2019

RESOLVED

That the minutes of the meeting held on 13 September 2019 be signed by the Chairman as a correct record.

32 CHAIRMAN'S ANNOUNCEMENTS

The Chairman stated that since the last meeting of the County Council he had continued to carry out his civic engagements with pride, visiting places and meeting people and organisations from all around the county. He thanked the Vice-Chairman, Councillor Mike Brookes and his wife Jackie for their continued support and for representing him and his Lady at civic functions when they had been unable to attend.

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COUNCIL
11 DECEMBER 2019

One highlight for the Chairman had been when he and his lady were honoured to attend the Remembrance Day service held in Lincoln Cathedral at which he laid a poppy wreath on behalf of the County Council. It was a very poignant occasion and was well supported and attended by hundreds of people.

The Chairman informed members that a complete itinerary of civic engagements, since the last meeting was available from the Civic Officer on request.

The Chairman wished the Council a Merry Christmas and a happy and prosperous New Year.

33 QUESTIONS TO THE CHAIRMAN, THE LEADER, EXECUTIVE
COUNCILLORS, CHAIRMAN OF COMMITTEES AND SUB-COMMITTEES

Questions pursuant to Council Procedure Rule 10.3 were asked and answered as follows:

<u>Question by:</u>	<u>Answered by:</u>	<u>Subject</u>
a) I G Fleetwood	C J Davie	Flooding at Short Ferry
b) R A Renshaw	M J Hill OBE	Investment in infrastructure
c) Mrs A M Austin	R G Davies	Flooding issues
d) R Wootten	Mrs S Woolley	Healthy Conversation
e) Dr M E Thompson	R G Davies	Weight restriction and signage on B1190
f) K J Clarke	R G Davies	Street lighting
g) Miss K Cook	Mrs P A Bradwell OBE	Rainbow Stars hub
h) Mrs M J Overton MBE	R G Davies	Pot holes
i) A P Maughan	R G Davies	Government funding for A1 accident hot spots
j) R B Parker	M J Hill OBE	Peer review outcome
k) P M Key	R G Davies	S106 and CIL payments for the Lincoln Eastern Bypass
l) C L Perraton-Williams	Mrs P A Bradwell OBE	Walking to School Policy

m) Mrs J E Killey	R G Davies	Street lighting
n) R J Kendrick	R G Davies	S19 investigation update – Digby
o) S R Parkin	Mrs P A Bradwell OBE	Health Visitors industrial action update
p) R D Butroid	M J Hill OBE	Update on fairer funding

34 LINCOLNSHIRE COUNTY COUNCIL CORPORATE PLAN 2020/30

A report by the Leader of the Council had been circulated.

It was moved, seconded and

RESOLVED

That the Council:

1. Approves the document attached as Appendix C to the report as the Lincolnshire County Council Corporate plan 2020/30 to take effect as part of the Council's Policy framework from 1 April 2020.
2. Approves the continued reporting against existing measures in the current Council Business plan in the next financial year, beginning 1 April 2020.

35 APPOINTMENT OF CHIEF EXECUTIVE

A report by the Chairman of the Appointments Committee had been circulated:

It was moved, seconded:

RESOLVED (unanimous)

That the Council, on the recommendation of the Appointments Committee:-

1. Approves the appointment of Debbie Barnes OBE to the post of Chief Executive with effect from 1 January 2020;
2. Approves the making of an offer of employment as Chief Executive to Debbie Barnes OBE;
3. Approves, from and including 1 January 2020 that:
 - a) The Chief Executive be designated as the Head of Paid Service;
 - b) The Chief Executive be appointed as returning officer for County Council by-elections;

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COUNCIL

11 DECEMBER 2019

- c) The Chief Executive undertake the role of the Council's statutory Director of Children's Services; and
- d) The amendments to the Council's Constitution attached as Appendix B to the report take effect.

36 CLIMATE CHANGE UPDATE

A report by the Executive Councillor for Commercial and Environmental Management had been circulated.

It was moved, seconded and

RESOLVED (unanimous)

That the Council:

1. Notes the content of the report; and
2. Agrees that future progress be reported to and monitored by the Environment and Economy Scrutiny Committee, alongside Carbon Management Plan reporting.

37 MEMBERS' CODE OF CONDUCT

A report by the Chairman of the Audit Committee had been circulated.

It was moved, seconded and

RESOLVED (unanimous)

That Council approves the following changes to the Council's Constitution:

- The amendments to the Code of Conduct shown in Appendix A to the report;
- The inclusion in Part 5 of the Constitution of the Protocol on Gifts and Hospitality attached at Appendix B to the report;
- The replacement of the Local Arrangements for dealing with Standards Complaints set out in the Constitution with the Local Arrangements for dealing with Standards Complaints attached as Appendix C to the report;
- The amendments to the protocol on officer/member relationships shown in red in Appendix D of the report;
- The amendments to the Protocol on Councillor Involvement in Commercial Transactions shown in red in Appendix E to the report.
- The amendments to the Planning Development Control Process Document show in red in Appendix F to the report.

38 AUDIT COMMITTEE ANNUAL REPORT 2018/19

A report by the Chairman of the Audit Committee had been circulated:

It was moved, seconded and:

RESOLVED (unanimous)

That the Council notes the Audit Committee Annual Report for 2018/19.

39 MEMBERS' ALLOWANCE SCHEME 2020/21

A report by the Executive Director responsible for Democratic Services had been circulated.

It was moved, seconded and

RESOLVED (unanimous)

That Council:

1. Notes the IRP recommendations;
2. Agrees that the Scheme of Members' Allowances for 2020/21 be the same as the Scheme of Members' Allowances for 2019/20 subject only to indexation in accordance with the scheme.

40 MOTIONS ON NOTICE SUBMITTED IN ACCORDANCE WITH THE COUNCIL'S CONSTITUTION

Motion by Councillor R B Parker

It was moved, and seconded that:

This Council agrees to write to the incoming government to make clear what we believe should be its priorities in the area of local government in the forthcoming Parliament. Those priorities are set out below:

- A commitment to sustainable and improved funding for local government to enable local councils to deliver local services to meet the needs of local people.
- A new fairer funding formulae to be established to bring about a more equitable distribution between cities, towns and counties;
- More powers should be devolved from central to local government to enable local councils to have more flexibilities to raise more of their income locally; that should involve more devolution of central government funding to local councils and the removal of the cap on Council tax increases;
- A fundamental review should be undertaken of the efficacy, efficiency and fairness of the current Business Rates model as a means of taxing businesses to fund local government;
- The importance and urgency of sorting out the long term funding of Adult Social Care;

- Until such a review has taken place the limit on the level of Adult Social Care precept should be removed and the short term future of the better care fund should be clarified;
- There is a need for greater central government commitment, prioritisation and funding of preventative services. That is because, for example, public health and adult social care services are as important as hospital services in tackling both short term and long term health needs. In much the same way, youth services and children's services (where spending could reduce crime) need to be recognised as being vital, but in different ways, as policing. In both these areas local councils are the responsible local agencies.

During debate an amendment was proposed and seconded to include the following to the above wording:

That the IDB (Internal Drainage Boards) precept be taken out of the council tax cap for those local authorities where relevant.

Upon being put to the vote, this amendment was carried (unanimous).

This then became the substantive motion and on being put to the vote was carried (unanimous).

RESOLVED

This Council agrees to write to the incoming government to make clear what we believe should be its priorities in the area of local government in the forthcoming Parliament. Those priorities are set out below:

- A commitment to sustainable and improved funding for local government to enable local councils to deliver local services to meet the needs of local people.
- A new fairer funding formulae to be established to bring about a more equitable distribution between cities, towns and counties;
- More powers should be devolved from central to local government to enable local councils to have more flexibilities to raise more of their income locally; that should involve more devolution of central government funding to local councils and the removal of the cap on Council tax increases;
- A fundamental review should be undertaken of the efficacy, efficiency and fairness of the current Business Rates model as a means of taxing businesses to fund local government;
- The importance and urgency of sorting out the long term funding of Adult Social Care;
- Until such a review has taken place the limit on the level of Adult Social Care precept should be removed and the short term future of the better care fund should be clarified;
- There is a need for greater central government commitment, prioritisation and funding of preventative services. That is because, for example, public health and adult social care services are as important as hospital services in tackling

both short term and long term health needs. In much the same way, youth services and children's services (where spending could reduce crime) need to be recognised as being vital, but in different ways, as policing. In both these areas local councils are the responsible local agencies.

- That the IDB (Internal Drainage Boards) precept be taken out of the council tax cap for those local authorities where relevant.

The meeting closed at 12.27 pm

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**Open Report on behalf of Andrew Crookham,
Executive Director - Resources**

Report to:	County Council
Date:	21 February 2020
Subject:	Council Budget 2020/21 and Amendment to the Budget for 2019/20

Summary:

Council Budget 2020/21

The appended Budget Book - "Council Budget 2020/21" describes the budget and council tax proposals recommended to the full Council by the Executive. This Report seeks approval for those budget recommendations.

Council Budget 2019/20

Approval is also sought for an increase of £5.000m to the 2019/20 Children's Services revenue budget, as well as a subsequent revenue contribution to the Children's Services capital programme to contribute towards the delivery of the Building Communities of Specialist Provision Strategy.

Recommendation(s):

It is recommended that the Council:

1. has due regard to the responses to the consultation on the Council's budget proposals as contained in the appended Budget Book (**Appendix D** - Budget Consultation Feedback);
2. has due regard to the Section 151 Officer's Statement on the Robustness of the Budget and the Adequacy of Reserves as set out in the appended Budget Book (Section 11 - Section 151 Officer's Statement on the Robustness of the Budget and Adequacy of Reserves);
3. has due regard to the Impact Analysis relating to increasing the Council Tax by 3.50% in 2020/21 set out in the appended 'Budget Book' (**Appendix C** – Impact Analysis relating to increasing the Council Tax by 3.50% in 2020/21);
4. approves:
 - 4.1 the service revenue budgets for 2020/21 contained in the appended Budget Book, (Table 3 - Net Service Revenue Budget 2020/21);

4.2 the capital programme and its funding contained in the appended Budget Book (Section 8 - Capital Programme) and (**Appendix P** - Capital Programme);

4.3 the County Council element of the council tax for a Band D property at £1,337.58 for 2020/21 contained in the appended Budget Book (**Appendix B** - County Precept 2020/21);

as together being the Council's Budget.

5. approves the Council's Medium Term Financial Strategy contained in the appended Budget Book (**Appendix E** – Medium Term Financial Strategy);

6. approves the Council's Capital Strategy 2020/21 contained in the appended Budget Book (**Appendix O** – Capital Strategy 2020/21);

7. approves the Council's Flexible Use of Capital Receipts Strategy 2020/21 contained in the appended Budget Book (**Appendix G** - Flexible Use of Capital Receipts Strategy);

8. approves the prudential targets for capital finance and notes the prudential indicators contained in the appended Budget Book (**Appendix N** - Prudential Indicators);

9. approves that the minimum revenue provision (MRP) be based on the asset life method, charged on an annuity basis for major infrastructure projects and in equal instalments for all other assets, over the estimated life of the assets acquired through borrowing as set out in the appended Budget Book (Section 10 - Minimum Revenue Provision).

10. approves the transfer of £5.000m from earmarked reserves arising from underspends in Dedicated Schools Grant to the 2019/20 Children's Services capital programme, to support the Building Communities of Specialist Provision Strategy.

11. approves the establishment of a Development Fund earmarked reserve to fund new initiatives as set out in the appended Budget Book (Section 6 - Reserves, paragraph 6.3).

1. Background

1.1 This Report should be read alongside the Budget Book at Appendix A which sets out the proposed budget in more detail together with an explanation of and the reasons for the budget being proposed.

1.2 The final Local Government Finance Settlement, issued on Wednesday 29 January 2020, provided us with confirmed levels of funding for 2020/21. This settlement rolled forward grants from 2019/20 for one further year to take account of the delayed implementation of funding reforms, which are now due to be in place for 2021/22.

1.3 The recommended budget, which is set out in detail in the Budget Book at Appendix A, is therefore for a one year financial plan for revenue and capital budgets. We continue to experience growing cost pressures from demand led services such as adult and children's social care, and our responsibility to pay staff and some contractors the National Living Wage. In addition, we are uncertain about what impact the proposed funding reforms will have on our future budgets.

1.4 During the next year we are expecting the Fair Funding Review and the Business Rates Retention system proposals to be finalised and consulted upon. The Government will also carry out a Comprehensive Spending Review in the year and we expect that we will receive indicative amounts for our future funding in the late autumn, based on the outcomes of the spending review and the funding reform proposals.

1.5 The Council is recommended to set a Council Tax increase of 3.50% for 2020/21.

Consultation

1.6 The Executive put forward a budget for consultation at its meeting on 7 January 2020. Since that time comments have been received from all Scrutiny Committees and the Overview and Scrutiny Management Board, Businesses, Public Organisations and Trade Unions.

1.7 A summary of these comments is included within **APPENDIX D** of the appended 'Budget Book' and have been taken into account whilst finalising the budget proposals.

Revenue Budget and Capital Programme 2019/20 – Request for Amendment

1.8 An increase of £5.000m to the 2019/20 Children's Services revenue budget is requested, as well as a subsequent revenue contribution to the Children's Services capital programme. This will be funded by a transfer of £5.000m from earmarked reserves arising from prior year underspends of the Dedicated Schools Grant. The funding will contribute towards the delivery of the Building Communities of Specialist Provision Strategy.

1.9 Lincolnshire's Schools Forum supported the Local Authority proposal at its meeting on the 10 October 2019 to transfer £5.000m of underspends from the Dedicated Schools Grant, and the Secretary of State approved the request to dis-apply the Dedicated Schools Grant, which is a condition of grant for this budget transfer to take place.

1.10 The strategy will create an integrated system where pupils attend their nearest school, and we are confident that their education, health and care needs will be met fully. The approach will also secure greater value for money within the Dedicated Schools Grant, within these demand-led budgets, and within the finite revenue funding resource that is available. By enabling pupils requiring specialist

support to go to their nearest suitable school, we will be able to achieve operational and financial efficiencies, and improve pupils' wellbeing.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

<p>These equality considerations do not preclude changes in services being made, but do require that these be fully appreciated. It is clear that the current and future financial challenges facing local authorities and the need for budget savings will</p>

result in changes to service provision and may result in some reduction in Council services. These will apply to services accessed by all people in Lincolnshire as well as services provided to specific groups. It is possible that there may be an adverse impact on some people and communities including those with a protected characteristic.

In order to meet its obligations, equality impact analyses will be carried out in relation to any proposed changes to services on an individual basis. The specific impacts on people with a protected characteristic will be investigated and the potential mitigation if any will be made clear, so that the implications of decisions are fully understood as they affect specific groups and communities. These have been and will continue to be, regularly reported to the Executive as part of the decision making processes.

In the meantime consideration has been given as to whether there is any element of the current budget proposals that should be the subject of an equality impact analysis at this stage and as a result an assessment (included in the appended Budget Book as **APPENDIX C**) has been carried out on the proposal to increase Council Tax. That assessment identifies the potential for the proposal to impact on people with low income and therefore disproportionately on certain people with a protected characteristics including older and younger people, people with a disability and women with children. Overall, however, the increase is modest and each District Council operates a Council Tax Support Scheme which has been designed following consultation and individual impact analyses to mitigate the effects of Council Tax levels on vulnerable people and people with low incomes. 2.00% of the increase is specifically to fund adult social care services that support people with protected characteristics such as age or disability.

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the public sector equality duty.

As part of its decision-making the Executive will need to consider whether any alternative approaches could alleviate or at least mitigate the impact of the decision such as making reductions in other areas which do not have the same impacts, including particularly equality impacts. The result could be to require additional resources to be used in certain areas above what has been budgeted for. In this event the usual budget management processes such as virement would be followed and approval sought at the appropriate levels in accordance with Financial Regulations including full Council where necessary. In particular a contingency has been built into the budget proposals in the form of the Financial Volatility Reserve (the balance is currently £55.769m and may be higher than this if the 2019/20 revenue budget underspends as is currently forecast), as well as up to £17.500m of Adult Social Care reserves available to support the budget. There is also an annual Contingency budget of £3.000m for 2020/21, for when additional funding cannot be found by way of virement from other service areas.

Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the Joint Strategic Needs Assessment and Joint Health and Well-being Strategy.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the duty under section 17 of the Crime and Disorder Act 1988.

3. Conclusion

3.1 The budget proposals aim to reflect our priorities and include funding essential cost pressures of £44.123m and making savings of £14.842m in 2020/21. They are based on a 3.50% increase in Council Tax.

4. Legal Comments:

Council Budget 2020/21

Robust decision making requires that the results of the Council's budget consultation as well as the Section 151 Officer's Statement on the Robustness of the Budget and the Adequacy of the Reserves and the Impact Analysis on the 3.50% increase in Council Tax are taken into account by the County Council in coming to its decision. Compliance with recommendations 1, 2 and 3 ensures that this is done.

Case law has established that generally it is lawful for a Council first to decide its

budget and then to consider the question of consultation and the specific impact of proposed policies and service changes at the time they are developed and decisions are taken on them. Consideration has been given to whether there are any specific proposals within the budget that would require such consideration prior to the budget being set and, apart from the proposed Council Tax increase which is dealt with in the Report, there are not considered to be any such proposals

With regard to recommendation 4 under the law and the Constitution it is for the County Council to approve the Budget.

With regard to recommendation 5 approval of the Medium Term Financial Strategy is within the remit of the Council.

With regard to recommendation 6, the Prudential Code for Capital Finance in Local Authorities (2017 edition) sets out that the setting and revising of a Capital Strategy will be done by the same body that takes decisions on the Budget i.e. the full Council. The Council is required to have regard to the Prudential Code when carrying out its duties under Part 1 of the Local Government Act 2003.

With regard to recommendation 7, Statutory Guidance on the Flexible Use of Capital Receipts (updated) issued by the Department of Communities and Local Government in March 2016 states that the Council's Flexible Use of Capital Receipts Strategy should be approved by full Council.

With regard to recommendation 8, Section 3 of the Local Government Act 2003 requires a local authority to determine and keep under review how much money it can afford to borrow. The determination must be made by County Council. The prudential targets include the Council's borrowing limit and must therefore be approved by the County Council.

Regarding recommendation 9, the requirement to make a minimum revenue provision that is prudent is a requirement of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and the statutory guidance that accompanies the regulations. Minimum revenue provision is relevant to the control of the Council's capital expenditure and must be referred to the County Council for approval.

Full Council has the power and authority to approve the creation of the Development Fund referred to in recommendation 11.

The legal position in relation to the recommended level of Council Tax is set out in paragraph 3.11 of the Budget Book.

Council Budget 2019/20

With regard to recommendation 10 changes to the Budget of the value referred to in the recommendation may only be approved by full Council.

5. Resource Comments:

Council Budget 2020/21

The budget proposals are consistent with the Council's Medium Term Financial Strategy.

The robustness of the budget proposals and the adequacy of the reserves held by the Council are considered in Section 10 of the appended Budget Book. This concludes that the budget is realistic and that the level of reserves is adequate.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

These are set out in the appended Budget Book (**APPENDIX D** - Budget Consultation Feedback)

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

An Impact Analysis relating to the proposed increase in Council Tax has been carried out and is contained in the appended Budget Book at **APPENDIX C**.

Proposed service changes to give effect to the budget will be subject to their own policy proofing considerations.

7. Appendices

These are listed below and attached at the back of the report

Appendix A	Attached separate booklet - "Council Budget 2020/21" - the Budget Book
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8. Background Papers

Document title	Where the document can be viewed
Report to the Executive 7 January 2020 "Council Budget 2020/21" & Report to the Executive 4 February 2020 "Council Budget 2020/21"	Democratic Services

This report was written by Michelle Grady, who can be contacted on 01522 553235 or michelle.grady@lincolnshire.gov.uk.

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Open Report on behalf of Debbie Barnes OBE, Chief Executive

Report to:	County Council
Date:	21 February 2020
Subject:	Pay Policy Statement & Gender Pay Gap Analysis

Summary:

Pay Policy Statement

The Localism Act 2011 requires all local authorities to agree pay policy statements, which are compliant with the provisions of the Act, annually at a Full Council meeting and then subsequently to publish them.

The Council is requested to note that that the Pay Policy has been updated to reflect:

- Pay Multiple
- Senior Leadership roles

Gender Pay Gap Analysis

Under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, employers with 250 or more employees are required to publish statutory Gender Pay Gap information on an annual basis.

The results of the Gender Pay Gap analysis as at 31 March 2019 is attached for information with the key points being:

- Continued improvements in the mean Gender Pay Gap
- Whilst the median Gender Pay Gap has widened slightly, it is still significantly lower than the national average and against other Council's we benchmark against in the region

Recommendation(s):

That the Council

1. Approves the Pay Policy Statement at Appendix A as recommended by the Pay Policy Sub-Committee; and
2. Notes the Gender Pay Gap Analysis at Appendix B.

1. Background

The requirements for Councils formally to adopt Pay Policy Statements was introduced in the Localism Act 2011, followed by guidance from DCLG. In line with this guidance it is considered good practice for the Pay-Policy Sub-Committee to consider the Statement before it is presented to Full Council for approval. The Statement itself has been prepared in line with the requirements of the legislation and the best practice put forward in the guidance.

Gender Pay Gap Analysis - From 2017, any organisation that has 250 or more employees must publish and report specific figures about their gender pay gap. The Analysis is published by the 31st March each year.

2. Conclusion

The Pay Policy Statement sets out the County Council's policy on pay and conditions for senior managers and employees (excluding operational fire fighters and schools based employees).

The Gender Pay Gap is the difference between the average earnings of men and women, expressed relative to men's earnings.

Both the Pay Policy statement and the Gender Pay Gap Analysis ensure the Council has a fair and transparent approach to these matters.

3. Legal Comments:

The Council is required to publish its Pay Policy Statement annually under section 38 of the Localism Act 2011 and to have regard to Guidance in developing that Pay Policy Statement.

Approval of the Pay Policy Statement is reserved in law to the full Council.

The Council is also required to publish its Gender Pay Gap Analysis annually under the Equality Act 2010 (Specific Duties and Public Authorities Regulations 2017). The analysis summary is enclosed for information.

4. Resource Comments:

Both the policies ensure that all employees are treated fairly and transparently, and in relation to the Pay Policy Statement that all posts can be funded from within existing Council budget.

5. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The approval of the Pay Policy Statement is a decision for Full Council to make under the legislation. It has not been considered by a Scrutiny Committee but has been considered by the Pay Policy Sub-Committee at its meeting on 21 January 2020. The Pay Policy Sub-Committee approved the Pay Policy Statement for recommendation to Full Council

The Gender Pay Gap analysis has been considered and noted by the Overview & Scrutiny Management Board at its meeting on 30 January 2020 and is now attached for noting by Full Council.

d) Policy Proofing Actions Required

n/a

6. Appendices

These are listed below and attached at the back of the report	
Appendix A	Pay Policy Statement
Appendix B	Gender Pay Gap Analysis

7. Background Papers

The following background papers as defined in Section 100D of the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Employment Manual	http://www.lincolnshire.gov.uk/jobs/manuals/employment-manual
Pay Policy Sub-Committee report dates 21 January 2020 – Pay Policy Statement 2020-21	Democratic Services
Overview and Scrutiny Management Board report dated 30 January 2020 – Gender Pay Gap	Democratic Services

This report was written by Fiona Thompson, who can be contacted on 01522 552207 or fiona.thompson@lincolnshire.gov.uk

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PAY POLICY STATEMENT

**For year 2020/2021
HR Service**

This document applies to all Council employees except:

- Employees on Teachers' Terms & Conditions
- Employees on Soulbury Terms & Conditions

This document may not be applicable to employees who transferred into LCC under TUPE legislation and remain on the terms and conditions of their previous organisation.

Last Review	January 2019
Next Scheduled Review	January 2021
Last Updated	January 2020

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1 INTRODUCTION

This Pay Policy Statement sets out Council policy on pay and conditions for senior managers and employees (excluding operational Fire Fighters and schools' based employees) for 2020-2021.

The Council aims to attract and retain employees to deliver the Council's objectives. In determining pay policy for senior managers and all other employees, the Council is committed to ensuring a fair and transparent approach. Within this, it is recognised that different approaches may be required between groups of employees reflecting factors such as difficulties in attracting and retaining key skills.

2 KEY PRINCIPLES FOR PAY POLICY

- To be fair, reasonable and transparent
- To be affordable
- To reward employees for their contribution to the Council's achievements
- To maintain rates of pay which are both competitive in the market place and reflect the need to retain key skills

3 EMPLOYEES IN SCOPE OF THE PAY POLICY STATEMENT

This Pay Policy Statement covers all employees (except teachers and uniformed fire fighters except those defined as Senior Managers.) As such, it goes wider than minimum legal requirements of the Localism Act 2011.

4 THE SENIOR MANAGEMENT PAY STRUCTURE

Senior Managers are defined for this purpose as the Chief Executive; Executive Directors – (referred to as Chief Officers); Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer and Senior Leadership Pay Band. The senior pay structure is attached at Appendix A.

Chief Executive and Executive Directors

Remuneration is determined by the Pay Policy Sub-Committee and is based on salary comparison against similar posts in other Shire Counties in the Eastern and Midlands region and against the market place. The aim is to ensure the Council retains and motivates key employees by maintaining rates of around median pay which are both competitive in the market place and reflect the need to retain key skills. The Chief Executive post is paid on a spot salary¹. Executive Director posts are all paid at the same single spot salary point because all roles have collective responsibility for the success of all service areas and for the Council as a whole.

Senior Leadership

Remuneration is determined by the Head of Paid Service and underpinned by the KornFerry / Hay Job Evaluation Scheme. Periodically the pay structure will be reviewed to ensure that salaries offered are competitive in the market place, taking into account information from the annual benchmarking exercise with KornFerry Hay. Individual achievement is assessed using the [Council's Appraisal Scheme](#), twelve months after starting in the role. Performance percentage uplifts are locally determined on an annual basis by the Chief Officer Pay Board and paid at the Council's discretion.

¹ See Glossary Page 12

Fire & Rescue Service Management Team

The pay structure is determined in line with the NJC for Brigade Managers (Gold Book²) with the Deputy Chief Fire Officer and Assistant Chief Fire Officer receiving 80% and 75% respectively of the Chief Fire Officer salary.

In accordance with the 2011 Code of Recommended Practice for Local Authorities on Data Transparency, information on payments over £50,000 in a year are available in the Council's published accounts on our website: [Statement of Accounts 2018-19](#).

5 OTHER EMPLOYEES' PAY STRUCTURE

(including lowest paid employees³)

Remuneration for other employees is normally determined by the Council's Job Evaluation (JE) Scheme⁴ which covers all staff on NJC Local Government Services terms and conditions of service. This includes the lowest paid council employees. The Council Pay spine for staff up to and including Service Managers is attached at [Appendices A and B](#).

The Pay and Grading structure used by the Council was implemented by Collective Agreement⁵ in July 2008, backdated to be effective from 1 April 2007 and is anchored to the national NJC pay spine for Local Government Services. The JE Scheme, the Greater London Provincial Council Scheme, was selected through a process of consultation with staff and Trade Unions and complies with equal pay requirements.

The Council and Unions signed a Collective Agreement in 2015 incorporating changes to modernise the local conventions for Job Evaluation.

6 NON-STANDARD TERMS AND CONDITIONS

Staff transferring into the Council under The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) arrangements, have the right to retain their existing terms and conditions.

Additionally some specialist posts, mainly in education related services, such as Educational Psychologists and the Youth Service are recruited to specific terms and conditions although they are in scope of the [Local Scheme of Conditions of Service](#).

7 THE NATIONAL PAY AWARD

Pay levels are adjusted to take account of any cost of living increase negotiated nationally by the JNC for Local Authority Chief Executives⁶; the JNC for Chief Officers of Local Authorities and the NJC for Local Government Services. The exception to this is the pay rates in respect of the Senior Leadership Pay Band in Appendix A as these are locally determined on an annual basis by the Chief Officer Pay Board and paid at the Council's discretion. The pay rates in respect of the Lincolnshire Payspine in Appendix B are adjusted to reflect the NJC Local Government Services national pay award.

² See Glossary Page 12

³ The Council's definition of "lowest-paid employee" is an employee paid at SCP1 on the Pay Spine attached at Appendix B. The reason for adopting this definition is that SCP1 represents the lowest FTE salary paid by the Council.

⁴ The Job Evaluation scheme ensures that all jobs are graded fairly and equitably between men and women

⁵ A Collective Agreement is a formal agreement signed between the County Council and the recognised Trade Unions

⁶ See Glossary Page 12

8 ATTRACTION AND RETENTION PAYMENTS

The Council recognises that at times it may be difficult to recruit new employees or retain existing staff in key posts. To ensure the Council attracts and retains a skilled and experienced workforce, salary supplements may be paid in addition to the post grade. Further details can be found in the [Attraction and Retention Payments Procedure](#).

9 RELOCATION EXPENSES AND DISTURBANCE ALLOWANCES

Relocation Expenses and Disturbance Payments are paid to employees to cover additional costs they may incur as a result of a change or disturbance to work base. These are paid in accordance with the [Relocation Expenses and Change of Workbase Policy](#).

10 STARTING PAY

Employees, when appointed to posts within the Council are paid on an incremental scale and will normally be appointed at the minimum point of the pay grade for that post. However, in certain circumstances it may be appropriate to appoint to a higher point within the pay grade. This should be objectively justifiable and have regard to the pay of existing employees within the service area. See [Green Book Employees Pay and Conditions Policy](#).

It is also necessary to be aware of any restrictions to this, e.g. the requirement of a qualification which prevents this normal sequence of events from occurring.

Where an employee is appointed who does not yet meet the minimum competency requirements for that role, they are appointed in accordance with the [Appointed One Point Below Policy](#).

11 PERFORMANCE RELATED PAY (PRP) AND “EARN BACK”

There is a performance related pay framework for employees in scope of Senior Leadership Pay Band.

12 PAY PROGRESSION

The Chief Executive, Executive Directors and Fire & Rescue Senior Managers are excluded from this scheme within the Council. They are appointed to a spot salary so no pay progression applies.

For other employees, from January 2018 all performance and development appraisal reviews included a rating of the employee's performance. This rating will be used to inform incremental pay progression decisions (award of scale points) for employees on GLPC grades, from 1 April 2019 onwards.

The expected minimum level of performance for all employees is an overall performance and development appraisal rating of successful (i.e. 3) The impact of ratings on incremental pay progression will only affect employees who are on GLPC grades and is not applicable to employees who transferred into LCC under TUPE legislation and remain on the terms and conditions of their previous organisation.

For those on GLPC grades it will only affect those who have not reached the top of their current GLPC scale as at 31st March 2019.

The pay of employees who are at the top scale point of their GPLC grade will not be affected.

To be eligible for a pay progression increment, employees must achieve an overall performance and development appraisal rating of successful or above. (i.e. 3 or above).

For other employees, eligibility for incremental progression will be in accordance with the [Green Book Employees Pay and Conditions Policy](#) covering the NJC for Local Government Services Group.

A pay increment may be withheld following an adverse report on an employee's performance (subject to the Council's capability / disciplinary procedures being followed).

Any pay increments withheld may subsequently be paid if the employee's performance becomes satisfactory, but are not backdated.

13 REVIEWING INDIVIDUAL PERFORMANCE

Individual achievement is assessed using the [Council's Appraisal Scheme](#) and all employees will take part in an appraisal process. In most cases this will be the full Council appraisal process; however, there may be some cases where the process is amended so that it is appropriate to the role of the employee.

Learning and development needs will be linked to the [County Council's Core Values & Behaviours Framework](#) which are interchangeable with occupational national standards of competence where appropriate.

14 RESPONSIBILITY FOR REVIEWING PERFORMANCE

The Chief Executive's individual performance will be assessed by the Leader of the Council together with the appointed cross-party group. For individual Executive Directors, the assessment will be made by the Chief Executive and reported to the cross-party group.

For all other employees, the assessment will be made by the individual's line manager, as appropriate.

15 ACTING UP ARRANGEMENTS

Employees temporarily acting up into a role which is normally graded on a higher level should be paid at the appropriate level for the duties they are asked to perform. Further details can be found in the Council's [Green Book Employees Pay and Conditions Policy](#) covering the NJC for Local Government Services Group.

16 HONORARIA

An honorarium payment may be made for exceptional or special work undertaken on a short term basis of not more than 6 months and will be in accordance with the Council's [Green Book Employees Pay and Conditions Policy](#) covering the NJC for Local Government Services Group.

17 EMPLOYEES ON FIXED TERM/TEMPORARY CONTRACTS

The Council will not treat employees on fixed term or temporary contracts less favourably than employees on a permanent contract. See [Fixed Term and Temporary Contracts Policy and Procedure](#).

18 ALLOWANCES/EXPENSES

Chief Executive, Executive Directors and Senior Leadership

Allowances will be in accordance with the [Local Scheme of Conditions of Service](#) or jointly agreed schemes in Director Areas. Business Travel will be reimbursed in accordance with the [Travel Policy](#). This policy applies to all staff in scope of the Local Scheme of Conditions of Service.

Fire & Rescue Service Senior Managers

Allowances and expenses will be in accordance with the NJC for Brigade Managers Conditions of Service and Service Order 19⁷ - Pay and Allowances.

19 SALARY PROTECTION

Where an employee accepts a post on a lower grade as result of a restructuring or change in the workforce, personal salary protection will apply in accordance with the [Local Scheme of Conditions of Service](#) or Collective Agreement on Pay Protection for those in the Fire & Rescue Service, available on George.

20 SEVERANCE PAYMENTS

For those in the Local Government Pension Scheme, (including Chief Officers) payments relating to redundancy and early retirement will be paid in accordance with the Council's [Redundancy and Early Retirement Policy](#) or [Flexible Retirement Policy](#).

All employees / recruits (including Chief Officers) in receipt of a redundancy payment will be subject to the Redundancy Payments (Continuity of Employment in Local Government etc.) (Modifications) Order 1999⁸.

21 PAYMENTS FOR RETURNING OFFICERS DURING LOCAL ELECTIONS

Payments for the Chief Executive and Executive Directors who are Returning Officers are made in accordance with their respective JNC Conditions of Service. The current Head of Paid Service relinquishes this payment in the favour of the District Chief Executives who fulfil the role of the Deputy Returning Officers.

Payments for employees at Head of Service and below for Local Election duties are made in accordance with the [Local Scheme of Conditions of Service](#).

22 PAY POLICY SUB-COMMITTEE

The Pay Policy Sub-Committee undertakes an annual review of the salaries of the Chief Executive and Executive Directors. The Sub-Committee comprises of Councillors from the Appointments Committee, representing the political balance of the Council overall in accordance with the terms of the Local Government and Housing Act 1989.

⁷ See Glossary Page 12

⁸ Under the Employment Rights Act 1996 (ERA), an employee can count service with an 'associated employer' towards the service requirement for a redundancy payment (i.e. two years) and, if appropriate, for calculating that payment.

23 LCC GREEN BOOK⁹ NEGOTIATING TEAM

The Negotiating Team considers pay issues relating to all employees within the scope of NJC pay awards.

24 RELATIONSHIP BETWEEN SENIOR OFFICERS PAY AND CONDITIONS WITH OTHER OFFICERS

(including the lowest paid)

The approaches for determining senior management pay are set out in paragraph 4 above.

The approach for determining other employees' pay, including the lowest paid employees, is set out in paragraph 5 above.

25 PAY MULTIPLES (or pay dispersion)

Pay multiple is the ratio between the salary of the highest paid employee and the median full time equivalent salary of the organisation. The pay multiple is often referred to as 'pay dispersion.'

For 2019-20 the pay multiple is 4 which is the same as the previous 2 years.

There is no formal mechanism for direct comparison between pay levels of the wider workforce with Senior Manager Pay and there are no Council policies on reaching or maintaining a specific pay multiple.

26 RE-ENGAGEMENT OF FORMER SENIOR MANAGERS

The policy for appointing or re-engaging any Senior Manager who has previously been made redundant by the Council, or who is in receipt of a local government pension, is that there should be a presumption against re-employment for a period of 6 months following the end of their employment. However, in exceptional circumstances Senior Managers may be re-employed by the Council more quickly provided that it is not within one month and one day of their leaving date.

In approving a re-employment of a Senior Manager, Members will need to be satisfied that:

- the employee is not being re-employed in a role or capacity, which is broadly similar to the role from which they were made redundant;
- the rate of pay applied to the work undertaken by the re-engaged employee should be that appropriate to the work to be done and not the grading which applied to the employee prior to the end of their current contract;
- the employment should be for a fixed term, not exceeding one year, unless there are exceptional circumstances; and the arrangement must provide financial / operational advantage to the Council.

The policy of the Lincolnshire Pension Fund is not to abate pensions should any officer retire and then return to work for the Council.

⁹ See Glossary Page 12

27 THE USE OF CONTRACTS FOR SERVICES AND APPOINTMENT OF CONSULTANTS

The HMRC requires the Council to determine whether an arrangement with a consultant or contractor constitutes a contract of employment or can be deemed to be on a self-employed basis.

The determination will need to be made for every agreement that is proposed as the decision on status relates to the contract, not the individual. This must be undertaken before any engagement is agreed or any contract signed.

Where it is determined that an engagement constitutes a contract of employment, normal Council terms and conditions will apply and the work must be paid for at the evaluated rate for the job.

It may be appropriate to re-engage a former employee as a consultant with a contract for service in certain circumstances. This may be appropriate:

- For discrete pieces of work where the former employee has the appropriate skill and experience which is not available elsewhere in the Council.
- Where it is more cost effective
- Where it is difficult to recruit due to market conditions
- Where work of an urgent nature arises at short notice.

Such arrangements should be time limited, and be subject to appropriate written agreements covering the nature, duration, quality standards, and the basis on which the agreement will be terminated. The written agreement must be signed before the arrangement commences.

Initial consideration for providing cover for urgent work should be through the use of temporary employment contracts advertised in the usual manner or through acting up or secondment arrangements made available to existing staff. This should particularly be true where the work relates to the normal business of the service area, as opposed to defined projects or one off tasks.

It is our duty under the Pensions Act 2008 to comply with auto-enrolment Regulations and an assessment will be made on whether the contractor is an employee rather than a contractor and therefore pensionable under the Act.

In determining whether a consultant is genuinely self-employed, the Council will take into account, not only the contractual terms agreed, but also the realities of the employment relationship. This will include whether there is provision for substitution and whether resources are provided by the Council or by the consultant. These examples are not exhaustive and are purely illustrative of the type of factors to be taken into account.

28 PERSONAL SERVICE CONTRACTS

In the contracting sector, the generally accepted definition of a personal service company is a limited company that typically has a sole director, the contractor, who owns most or all of the shares.

Many contractors choose to work for clients using their own [limited companies](#) for many reasons. Limited companies can be a tax efficient way for contractors to work, as they often split their income between [salary and dividends](#), which means they do not pay, employers' or employees' Class 1 National Insurance Contributions on a large part of their overall income.

Personal Service contracts prevent the risk of there being a contract of service, or an employment relationship with the Council which eliminates any income tax liability on the Council.

By using a limited liability company, contractors are also insulated to a certain extent from business risk.

The Council does not currently have any such contracts in place for normal employment.

From the 6 April 2017, the Government changed the rules in relation to [off-payroll working in the Public Sector for intermediaries](#). The Council's policy on [Agency and Other Off-Payroll Working Guidance](#) was updated in line with these changes.

29 GENDER PAY GAP INFORMATION

In accordance with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, which came into force on the 31 March 2017, employers with at least 250 employees are required to publish annual information as at 31 March each year. This information is published on the Council's website and also externally and on the [Governments Gender Pay Gap website](#).

APPENDIX A

Senior Manager Pay Structure – from April 2019

Salary (£)	Chief Executive - 1/4/19 - £182,070
	Executive Directors: 1/4/19 - £133,707

Senior Leadership Pay Band

Pay Zone	Zones	Post Titles	Pay Range		
			Max	Med	Min
Director Band	Single Zone	Director of Public Health	127,112	110,725	102,012
Senior Leadership	Zone A	Assistant Director Strategic Finance Assistant Director Children's (Lead Early Help) Assistant Director Children's (Safeguarding) Assistant Director - Joint Commissioning and Specialist Services (Adults) Assistant Director - Adult Frailty and Long-term Conditions Assistant Director IMT Assistant Director Commercial Assistant Director Education Assistant Director Highways Assistant Director Communities Assistant Director Growth Assistant Director Corporate Services Assistant Director Corporate Transformation, Programmes and Performance	107,878	91,264	82,624
	Zone B	Assistant Director Commissioning Chief Legal Officer Consultant in Public Health Assistant Director Corporate Property Head of Prevention & Early Intervention Head of Business Intelligence & Performance	92,558	78,230	71,327
	Zone C	Head of SEND Head of Locality Head of Regulated Services (Fostering) Head of Regulated Services (Adoption) Head of Safer Communities Head of Human Resources Head of (Adult Frailty & Long Term Conditions; Learning Disability; Special Projects and Hospital Services; Adult Safeguarding; Mental Health Services; Integration & Transformation) Head of Business Support Head of Transport Services Head of Highways Infrastructure Head of ICT Lead Nurse in Children's Health Head of Commercial Services, Procurement & Contract Management	79,106	67,886	62,664

Consultant (Public Health) reporting to Director of Public Health	
Band 8 *	
	£65,922.00
	£67,805.00
	£70,631.00
	£74,084.00
	£77,850.00
	£81,618.00

Band 9 *	
	£77,850.00
	£81,618.00
	£85,535.00
	£89,640.00
	£93,944.00
	£98,453.00

* N.B. Director and Consultant roles in Public Health transferred into the Council on the 1 April 2013 from the NHS as part of the Health and Social Care Act 2012. The transfer was under TUPE, therefore terms and conditions of employment, including salary, are protected.

Fire & Rescue Service Management Team – from 1 July 2019	
Chief Fire Officer	£120,163
Deputy Chief Fire Officer	£ 96,130
Assistant Chief Fire Officer	£ 90,122

APPENDIX B

Lincolnshire County Council

Salary Structure from 1 April 2019 NJC for Local Government Services

LCC Pay Spine for staff up to and including Head of Service			
	1 April 2019	This Pay Spine is anchored to salary points on the NJC National Pay Spine and these salaries are shown in bold. The relevant Lincolnshire points are scp's 2,3,6,9,12,15,18,21,24,27,30 & 33 Business Support Assistant – Foundation (BSA –Foundation) – scp 1 (scp 2 from age 25)	GLPC Points Score
1	£15,709		BSA - Foundation
2	£17,364		
3	£17,711	G1	Grade 1 = 182 - 227
4	£17,847		
5	£17,937		
6	£18,065	G2	Grade 2 = 228 - 267
7	£18,419		
8	£18,816		
9	£19,171	G3	Grade 3 = 268 - 307
10	£19,208		
11	£19,866		
12	£20,344	G4	Grade 4 = 308 - 347
13	£21,149		
14	£22,032		
15	£22,911	G5	Grade 5 = 348 - 387
16	£23,682		
17	£24,451		
18	£25,295	G6	Grade 6 = 388 - 427
19	£26,068		
20	£26,987		
21	£27,905	G7	Grade 7 = 428 - 467
22	£29,119		
23	£30,222		
24	£31,371	G8	Grade 8 = 468 - 507
25	£32,518		
26	£33,651		
27	£34,788	G9	Grade 9 = 508 - 547
28	£36,129		
29	£37,472		
30	£38,813	G10	Grade10 = 548 -587
31	£40,429		
32	£42,045		
33	£43,662	G11	Grade 11 = 588 - 627
34	£45,917		
35	£48,173		
36	£50,430	G12	Grade 12 = 628 - 667
37	£52,122		
38	£53,812		
39	£55,503	G13	Grade 13 = 668 - 707
40	£57,194		
41	£58,887		
42	£60,578	G14	Grade 14 = 708 - 747
43	£62,268		
44	£63,960		
45	£65,651	G15	Grade 15 = 748 - 787
46	£67,342		
47	£69,033		
48	£70,725	G16	Grade 16 = 788 - 827

Part 3 Paragraph 2.6(e) Sleeping-in Duty Payment

1 April 19
£36.08

Paragraph 35 Standby Duty Allowance - Social Workers (1)(a)(i) Allowance - Per Session

1 April 19
£29.03

APPENDIX C

Glossary of Terms

Spot Salary:

Spot salaries within the Council are fixed to a specifically defined spinal column point. There is no progression up to or beyond the rate for each position. Spot salaries are one of the least discriminatory of pay methods because everyone is paid the rate for the job from day one and the pay structure cannot be distorted by differential progression.

JNC for Local Authority Chief Officers

The primary role of the Joint Negotiating Committee is a national body to reach agreement on a national framework on all national pay and service conditions and items related to any dispute for all chief officers.

NJC for Brigade Managers (Gold Book)

The primary role of the National Joint Committee for Brigade Managers of Fire and Rescue Services (the NJC) is to reach agreement on a national framework of pay and conditions for Brigade Managers for local application throughout the Fire and Rescue Service in the UK.

JNC for Local Authority Chief Executives

The Joint Negotiating Committee (JNC) for Chief Executives of Local Authorities is the national negotiating body for the pay and conditions of service of Chief Executives in England and Wales. The Authorities' Side consists of elected members nominated by the Local Government Association. The Staff Side consists of Chief Executives nominated by the Association of Local Authority Chief Executives (ALACE). ALACE is registered as an independent trade union.

NJC for Local Government Services

The pay and terms of conditions of employment for Local Government Services' workers is determined by the National Joint Council for Local Government Services. The NJC for Local Government Services has 70 members: 12 on the employers' side and 58 on the trade union side.

In 1997, the NJC for Local Government Services agreed a national framework with potential for local modification to suit local service requirements. Known as The Single Status Agreement, these pay and conditions of service agreements are published in [The Green Book: Local Government Scheme of Conditions of Service](#).

Greater London Provincial Council (GLPC) Job Evaluation Scheme

The Council use the scheme developed to support local authorities in carrying out their obligations under the national agreement on single status. The job evaluation scheme was the subject of consultation with the Equal Opportunities Commission. The scheme is jointly agreed by the employers and unions in London local government. It was developed by a working party of experienced evaluators and tested jointly at regional and local authority levels.

The scheme is accompanied by a code of good practice and a framework procedure to inform local arrangements.

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Lincolnshire County Council

Gender Pay Gap

Result Gender Gap Calculations at 31st March 2019

Lincolnshire Council had 4899 employees in scope for the gender pay gap exercise.

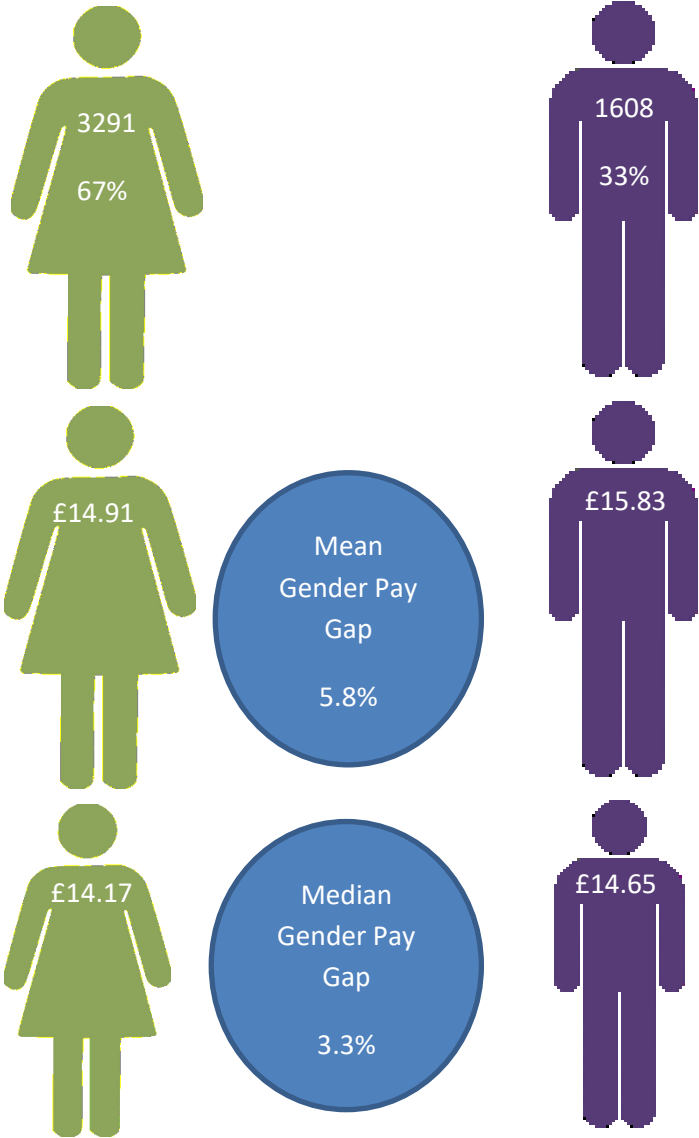
In 2019 67% of the Councils workforce was female and 33% male.

The mean gender pay gap shows the difference between the mean hourly rate of pay for males and females within the Council.

The mean gender pay gap for 2019 was 5.8%, this is an improvement of 1.8% from 2018.

The median gender pay gap shows the difference between the median hourly rate of pay for males and females within the Council.

The median gender pay gap for 2019 was 3.3%, which has widened slightly from 2018 by 1.2%.*

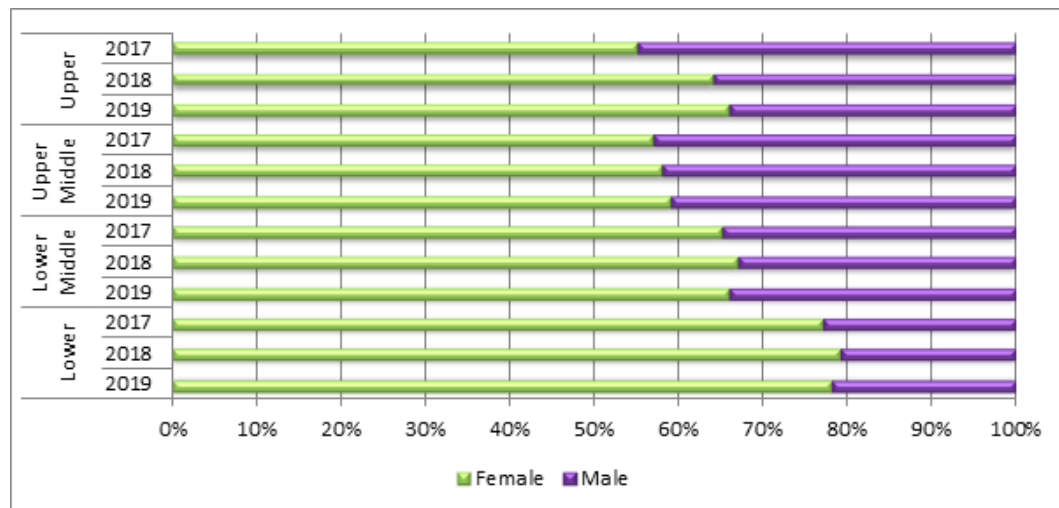


*There are 284 females on the female median pay point (£14.17.) There are only 5 Males on the male median pay (£14.65). If this year's male median was £14.48 then the median GPG would be 2.1% the same as last year. Between £14.48 & £14.65 there are only 55 males. Therefore, the male median can easily be affected by a relatively small number of additions/reductions in males anywhere in the pay spines, whereas the female median is unlikely to change without a huge change in numbers.

Lincolnshire County Council has no bonus payments for 2019 that fall in the gender pay gap category.

Additional information

This shows that although there has been a 1% decrease of females in the lower and lower middle quartiles, the % of females within the upper and upper middle quartiles continue to show an improvement, with the former almost identical to the overall gender split of the Council.



2020 Action Plan for Lincolnshire County Council to further address the pay gap

1. Continue to promote the improvements in the Gender Pay Gap and how low it is compared to other local authorities through the use of media statements.
2. Continue to review flexible working policies and have senior leaders and managers act as role models. Promote arrangements that are in place such as use of paternity and parental leave, part time working and job share by using case studies.
3. Continue to raise the profile of the recruitment and equal opportunities policies, which provide support for progression of all staff regardless of gender and ethnicity.
4. Consideration to be given to Unconscious Bias Training forming part of the rollout of the new employment policies training.
5. Encouraging females returning to work following periods of maternity/adoption leave or a break in employment to take up mentoring opportunities to support progression into management positions.

**Open Report on behalf of Andrew Crookham,
Executive Director - Resources**

Report to:	County Council
Date:	21 February 2020
Subject:	Changes to Constitution - Financial Regulations and Audit Committee Terms of Reference

Summary:

This report proposes Changes to the Financial Regulations and the Audit Committee Terms of Reference that form part of the Council's Constitution.

Recommendation(s):

That the Council approves:-

- 1) the Financial Regulations set out in Appendix A of this report for inclusion in the Council's constitution; and
- 2) the amendments to the Terms of Reference of the Audit Committee contained in Article 7.06 of the Council's Constitution set out and shown in Appendix C of this Report.

1. Background

Financial Regulations

- 1 The Financial Regulations form part of the Council's internal governance arrangements. Their objective is to ensure that Officers and Councillors alike have a set of financial rules and guidance within which they should operate. The Financial Regulations should be maintained and updated on a regular basis, the latest update has now concluded and the Financial Regulations have been revised to reflect the current organisation and working environment.
- 2 Many of the changes are terminological (for example changing "Executive Director of Resources" to "s151 Officer" throughout). Other changes have been made to ensure the document correctly describes the roles and responsibilities of the various decision-making bodies and committees of the Council as set out in the other parts of the Constitution.

- 3 The opportunity has also been taken to rearrange the order for the document. For example the sections on Assets and Treasury and Investment Management have been moved from section C to a new Section E. The section on Income and Expenditure, formerly in section D6 has been moved to a new section F.
- 4 The full revised version of the Financial Regulations is attached at Appendix A. Because of the amount of terminological and other minor changes and because of the movement of large amounts of text within the document a version showing tracked changes would be confusing.
- 5 Therefore those areas of the document where more substantive changes are proposed are highlighted and commented on below. For full comparison purposes the existing set of Financial Regulations is attached at Appendix B.

Paragraph B16 – The Reallocation of Budget (virement)

- 6 This paragraph now defines the level at which re-allocations of budget are approved. This will be at Assistant Director level. The paragraph also defines that re-allocations will be limited to those instances where the change relates to a change in purpose to that for which the budget was originally approved. The purpose of this is to limit the number of instances where a re-allocation is requested and to ensure budget monitoring can be the appropriate vehicle to identify under/over spendings rather than budget being reallocated to mask those positions.
- 7 The bullet points within this paragraph have been amended to distinguish between revenue to revenue budget reallocations and movement from revenue to capital.

Paragraphs B17-B20

- 8 These are new paragraphs relating to the bidding and accounting for external funding. These paragraphs were originally contained in the Council's Financial Strategy, however, it was felt more appropriate for these conditions to be included in the Financial Regulations. The wording of the paragraphs has been amended to reflect the need to consult with rather than gain approval from Executive Councillors and the S151 Officer before making a bid and the thresholds are now defined as the value of External Funding rather than the total cost of the project or scheme.

Paragraphs C1–C31

- 9 The entire Risk Management and Internal Control section has been rewritten to describe current good practice within this area and to make it explicitly clear what the Council expects in terms of risk management and good governance.

Paragraph E3, Disposal of Unwanted or Obsolete Assets

- 10 This has been rewritten to update the values of the approval thresholds. These thresholds also include a new requirement to consult with Chief Officers, S151 Officer and Executive Councillors as appropriate.

Paragraph F4, Write Off of Bad Debt

- 11 This paragraph has been rewritten to update the values of the approval thresholds and also to bring in an additional level that requires the Executive to approve the write off of debt in excess of £500,000. Also the lower levels of debt write off are now approved by the S151 Officer rather than Chief Officer.

Paragraphs G9 to G13

- 12 These paragraphs which used to be in section D11 have been expanded and brought into line with similar provisions in the Contract Regulations.
- 13 The draft Financial Regulations were considered by Audit Committee on 18 November 2019 and the Committee resolved to recommend the changes for approval by full Council.

Audit Committee Terms of Reference

- 14 CIPFA's Practical Guidance for Audit Committees 2018 provides local authorities with suggested terms of reference for its Audit Committee. The Council's Audit Committee terms of reference have been reviewed and updated to reflect this good practice guidance. The amendments are shown by way of strike-through or underlining in Appendix C to this Report.
- 15 The amended Terms of Reference were considered by the Audit Committee on 18 November 2019 and the Committee resolved to recommend them for approval by full Council.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

The Equality Act duty has been considered but there are not considered to be any equalities implications attaching to the decision.

Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

The JSNA and JHWS have been considered but there are not considered to be any implications attaching to the decision.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

The s17 Crime and Disorder Act matters have been considered but there are not considered to be any implications attaching to the decision.

3. Conclusion

The Council's Financial Regulations have been reviewed and proposals are presented as to how they should be updated.

Proposals are also made for changes to the Audit Committee's Terms of Reference to reflect the latest good practice guidance issued by CIPFA.

4. Legal Comments:

The recommendations are lawful.

The Financial Regulations and Audit Committee Terms of Reference form part of the Constitution. Approval of changes to the Constitution are reserved to full Council and therefore the decision is within the remit of full Council.

5. Resource Comments:

It is important that the Council's Financial Regulations are kept up to date. The changes proposed enable the Financial Regulations to continue to be a current living document that Members and Officers alike can work within to ensure the Council's assets are safeguarded.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

n/a

c) Scrutiny Comments

The decision has not been subject to Scrutiny. The comments of Audit Committee are included in the body of the Report.

d) Have Risks and Impact Analysis been carried out?

No

e) Risks and Impact Analysis

n/a

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Revised Financial Regulations (main changes are highlighted)
Appendix B	Existing Financial Regulations
Appendix C	Audit Committee Terms of Reference

8. Background Papers

The following Background Papers within the meaning of section 100D of the Local Government Act 1972 were used in the preparation of this Report.

Document title	Where the document can be viewed
Audit Committee Paper 23rd September 2019 - Update of Financial Regulations	Democratic Services
Audit Committee Paper 18th November 2019 - Update of Financial Regulations	Democratic Services
Audit Committee Paper 18th November 2019 – Review of Audit Committee Terms of Reference and Internal Audit Charter	Democratic Services

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FINANCIAL REGULATIONS AND PROCEDURES

Financial Regulations for Lincolnshire County Council

Background

- A: Roles in Financial Management
- B: Financial Planning and Management
- C: Risk Management and Internal Control
- D: Accounting Records and Financial Systems
- E: Control of Resources and Assets
- F: Income and Expenditure
- G: External Arrangements
- H: Revisions and amendments

Appendix A: Index of Financial Procedures

1. BACKGROUND

- 1.1 Lincolnshire County Council is one of the largest local authorities in England. It provides a diverse range of services to its residents. It works in partnership with district, parish and town councils, police, probation and health providers and a number of other organisations.
- 1.2 Lincolnshire County Council's governance structure is laid down in its Constitution, which sets out how the Council operates, how decisions are made and the procedures that are followed. This document forms part of the Constitution.
- 1.3 These Financial Regulations form part 4 of the Council's Constitution and when applying the regulations must be read alongside the Council's Contract Regulations (part 4 of the Constitution) and other approved policy documents and scheme of delegation.
- 1.4 The Authority has adopted a Leader and cabinet form of Executive.
- 1.5 For the purposes of this document the term Chief Officer includes the Head of Paid Service, Chief Officers and the Chief Fire Officer.

2. FINANCIAL REGULATIONS

- 2.1 Financial Regulations provide the framework for managing the financial affairs of Lincolnshire County Council. They apply to every Councillor and Officer of the Council and anyone acting on its behalf. Financial Regulations must be adhered to at all times. All Chief Officers are accountable to the Council's **Section 151 Officer** for compliance with these rules. The **Section 151 Officer** is accountable to the Council. All Officers with delegated responsibility for undertaking financial responsibility are accountable to their **Chief Officer** for compliance with the Financial Regulations.
- 2.2 The regulations identify the financial responsibilities of the full Council, Executive and Overview and Scrutiny Councillors, **the Head of Paid Service** (Chief Executive), **the Monitoring Officer**, **the Section 151 Officer**, other **Chief Officers** and other Officers. Executive Councillors and Chief Officers should maintain a written record where decision making has been delegated to Members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible Officers, such as school governors, references to the Chief Officer in the regulations should be read as referring to them.
- 2.3 All Councillors and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised and provides value for money.

- 2.4 Should a material breach of the Financial Regulations come to light then it must be reported immediately to the **Section 151 Officer**. The **Section 151 Officer** is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the full Council for approval. The **Section 151 Officer** is also responsible for reporting material breaches of the Financial Regulations to Chief Officers, the Executive or the full Council as appropriate according to the severity of the breach.
- 2.5 The **Section 151 Officer** is responsible for maintaining Lincolnshire County Council's Financial Procedures which set out in detail how the Financial Regulations will be implemented. The **Section 151 Officer** may amend the Financial Procedures so long as the Financial Procedures remain consistent with the Financial Regulations. A full index of Financial Procedures is contained as Appendix A to the Financial Regulations alongside an overview of their structure, content and purpose.
- 2.6 **Chief Officers** are responsible for ensuring that all staff in their directorates are aware of the existence and content of these Financial Regulations, Financial Procedures and other internal regulatory documents and that they comply with them. They must also ensure that there is adequate access to the current version of these documents.
- 2.7 The **Section 151 Officer** is responsible for issuing advice and guidance to underpin the Financial Regulations that Councillors, Officers and others acting on behalf of the Council are required to follow.

FINANCIAL REGULATION A: ROLES IN FINANCIAL MANAGEMENT

INTRODUCTION

- A.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the Budget and Policy Framework.

THE FULL COUNCIL

- A.2 The full **Council** is responsible for adopting the Council's Constitution and Members' Code of Conduct and for approving the Budget and Policy Framework within which the Executive operates. It is also responsible for ensuring compliance with the Budget and Policy Framework. The full **Council** may make decisions outside the Budget and Policy Framework in accordance with paragraph 5 of the Budget and Policy Framework Procedure Rules at part 4 of the Constitution.
- A.3 By approving the Constitution the full Council has identified the responsibility for decision making. Details of who has responsibility for which decisions are set out in the Constitution.

THE EXECUTIVE

- A.4 The **Executive** is responsible for proposing the Budget and Policy Framework to the full Council and for discharging executive functions in accordance with the Budget and Policy Framework.
- A.5 Executive decisions can be delegated to, an individual **Executive Councillor, or a Chief Officer**.
- A.6 The **Executive** is responsible for establishing protocols to ensure that individual Executive Councillors consult with relevant Officers before taking a decision within their delegated authority. In doing so, the individual Executive Councillor must take account of legal and financial liabilities and risk management issues that may arise from the decision.

OVERVIEW AND SCRUTINY COMMITTEES AND PANELS

- A.7 The **Overview and Scrutiny Committees** are responsible for scrutinising Executive decisions before or after they have been implemented and for holding the **Executive** to account.
- A.8 The scope of **Overview and Scrutiny Committees** are set out in Article 6 of the Constitution.

Audit Committee

- A.9 The functions of the **Audit Committee** are set out in full in the Council's [Constitution](#). However, in summary, the Committee's responsibilities around the financial management of the Council include:

- i. Approving the Council's Annual Statement of Accounts and consider the effectiveness of the Council's arrangements to secure value for money.
- ii. Considering the Council's arrangements for governance and risk management and the internal control environment. Ensuring that its assurance framework adequately addresses the risks and priorities of the Council.
- iii. Approve an annual governance statement, prepared in accordance with proper practices in internal control.
- iv. Considering and commenting on the External Auditor's Annual Audit Letter and reports about the effectiveness of the Council's financial and operational arrangements.
- v. Ensuring that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit is actively promoted.
- vi. Approving the annual Internal Audit plan, and receiving reports from the Council's Internal Auditor, including the annual report of the **Head of Internal Audit**.
- vii. Monitoring the effectiveness of the Council's Financial Regulations, Procurement Policy and Procedures and other strategies for counter fraud and anti-bribery, whistle blowing and anti-money laundering.

THE STATUTORY OFFICERS

The Statutory Officers have responsibilities that lie within the Financial Regulations. These are set out below. The full scope of responsibilities for these Officers are contained within Article 10 of the Constitution.

Head of Paid Service (Chief Executive)

A.10 The **Head of Paid Service** is responsible for the corporate and overall strategic management of the Council as a whole. He/she must report to and provide information for the **Executive**, the full Council, the **Overview and Scrutiny Committees** and Panels, other Committees and Groups and is responsible for supporting all Councillors and non-elected members of the Council. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The **Head of Paid Service** is also responsible, together with the **Monitoring Officer**, for the system of record keeping in relation to all the full Council's decisions.

Monitoring Officer

- A.11 The **Monitoring Officer** is responsible for advising all Councillors and non-elected members and Officers about who has authority to take a particular decision.
- A.12 The **Monitoring Officer** together with the **Section 151 Officer** is responsible for advising the **Executive** or full **Council** about whether a decision is likely to be considered contrary to or not wholly in accordance with the Budget and Policy Framework. Actions that may be contrary include:
- Initiating a new policy.
 - Committing expenditure above the budget level.
 - Causing the total expenditure financed from Council Tax, grants, borrowing and general reserves to increase.

Section 151 Officer

- A.13 The **Section 151 Officer** has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

Section 151 of the Local Government Act 1972

- A.14 Requires that Authorities “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 Local Government Finance Act 1988

- A.15 Section 114 of the Local Government Finance Act 1988 requires the **Section 151 Officer** to make a report if the Council or one of its Officers:
- Has made, or is about to make, a decision which involves incurring unlawful expenditure.
 - Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council.
 - Is about to make an unlawful entry in the authority’s accounts.

The **Section 151 Officer** must send a copy of that report to the external auditor and to each Councillor.

Section 114 of the 1988 Act also requires:

- The **Section 151 Officer** to nominate a properly qualified member of staff to deputise should they be unable to perform the duties under section 114 personally.
- The **Council** to provide the **Section 151 Officer** with sufficient staff,

accommodation and other resources - including legal advice where this is necessary - to carry out the duties under section 114.

The Accounts and Audit Regulations 2015

A.16 Specify that a relevant body (Lincolnshire County Council) must:

- Prepare a statement of accounts in accordance with the Accounts and Audit regulations 2019 and proper practice.
- Undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.
- Conduct a review each financial year of the effectiveness of its system of internal control and prepare an Annual Governance Statement. Following the review, the **Audit Committee**, must approve an annual governance statement, prepared in accordance with proper practices in internal control. The annual governance statement must accompany the statement of accounts.

The Local Government Act 2003

A.17 This identifies the **Section 151 Officer** responsibilities in relation to:

- the level of the Authorities reserves and protocols for their use
- reporting on the robustness of the budget and the adequacy of reserves.
- taking into account matters as specified in the prudential code.
- reporting to Councillors on performance against budget and the impact on reserves.

A.18 The **Section 151 Officer** is responsible for:

- the proper administration of the Council's financial affairs.
- setting and monitoring compliance with financial management standards and accounting policies.
- determining and agreeing the accounting procedures and records for the Council.
- maintaining the Council's Financial Strategy.
- maintaining the Council's Capital Strategy.
- financial advice to the Council including advice on the corporate financial position and on the key financial controls necessary to secure sound financial management.
- ensuring the provision of financial information.
- preparing the revenue budget (in conjunction with Chief Officers) and capital programme.
- ensuring that the Annual Statement of Accounts is prepared in accordance with International Financial Reporting Standards and statutory regulations as set out in the *CIPFA Code of Practice on Local Authority Accounting in*

the United Kingdom.

- treasury management.
- maintaining an adequate, effective and continuous audit service of the control systems of the Council
- insurance and risk management

CHIEF OFFICERS

- A.19 **Chief Officers** are responsible for ensuring that Executive Councillors and the relevant Overview and Scrutiny Committees and Panels are fully advised of the financial implications of all proposals and that the financial implications have been agreed where required by the **Section 151 Officer**.
- A.20 **Chief Officers** are responsible for consulting with the **Section 151 Officer** and seeking approval on any matter liable to affect the Council's finances materially before any commitments are incurred.
- A.21 Notifying the Council in conjunction with the **Section 151 Officer** of the annual outturn against planned budget.

The Annual Financial Statements

- A.22 The **Section 151 Officer** is responsible for signing the Annual Financial Statements confirming that they present fairly the financial position of the Council. The **Audit Committee** is then responsible for approving the Annual Financial Statements. And where there are any concerns arising from the financial statements or from the audit bring these to the attention of the Council.

MAINTENANCE OF RESERVES

- A.23 It is the responsibility of the **Section 151 Officer** to advise the **Executive** and the full **Council** on prudent levels of reserves for Lincolnshire County Council.

FINANCIAL REGULATION B:

FINANCIAL PLANNING AND MANAGEMENT

INTRODUCTION

- B.1 The Councils' budget consists of the Revenue Budget and Capital Programme which is approved by the Council in February each year.

Preparation of the Performance and Budget Plan

- B.2 The **Head of Paid Service** and the **Section 151 Officer** are responsible for proposing the Performance and Budget Plan to the **Executive** for consideration before its submission to the full Council for approval. This will be prepared in consultation with other Chief Officers.

BUDGETING

Resource allocation

- B.3 The **Section 151 Officer** is responsible for developing and maintaining a resource allocation process that ensures due consideration of the full Council's Budget and Policy Framework.

Budget format

- B.4 The general format of the budget will be determined by the **Section 151 Officer** in consultation with **Chief Officers** and the relevant **Executive Councillor**.

Budget preparation

- B.5 The **Section 151 Officer** is responsible for ensuring that the revenue budget and capital programme is prepared typically on a three-yearly basis and with close regard to the current programme of comprehensive spending reviews undertaken by the incumbent Government. These will be updated annually for consideration by the **Executive**, before submission to the full **Council** in accordance with the Budget and Policy Framework Procedure Rules. The full **Council** may amend the Budget or ask the **Executive** to reconsider it before approving it.
- B.6 The **Executive** is responsible for issuing the guidelines within which the Budget should be prepared.
- B.7 It is the responsibility of Chief Officers to prepare budget estimates reflecting the Council's Financial Strategy, Capital Strategy and agreed service plans for the **Executive** and that these estimates are prepared in line with the guidelines determined by the **Executive** in B6 above.

Capital programme and schemes

- B.8 The **Section 151 Officer** is responsible for ensuring that the capital programme is updated annually for consideration by the Executive before submission to full Council for approval. The **Section 151 Officer** is also responsible for ensuring regular monitoring reports are received by the **Executive** and the **Overview and Scrutiny Management Board** in relation to the delivery of the capital programme.
- B.9 Scheme business cases are required where a scheme is over £500k in value and forms part of the already approved capital programme. The decision to approve the business case will be taken by the relevant Executive Councillor with responsibility for financial matters, who may also refer significant schemes to the relevant service Overview and Scrutiny Committee for pre-decision scrutiny.
- B.10 The **Overview and Scrutiny Management Board** will monitor the delivery and outcomes of the overall capital programme. The relevant service **Overview and Scrutiny Committee** may also review or scrutinise specific schemes including the achievement of value for money and utilisation of best practice.

Budget monitoring and control

- B.11 The **Section 151 Officer** is responsible for ensuring the provision of appropriate financial information to enable budgets to be monitored effectively. **Chief Officers** must monitor and control expenditure against budget allocations and report to the **Executive** and the **Overview and Scrutiny Management Board** on the overall position in line with the agreed budget monitoring timetable issued by the **Section 151 Officer**.
- B.12 It is the responsibility of Chief Officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the **Section 151 Officer**. They should report on variances within their own areas in accordance with the Financial Management, Financial Planning and Financial Systems financial procedure (FP1). They should also take any action necessary to avoid exceeding their budget allocation and alert the **Section 151 Officer** to any potential or anticipated problems.
- B.13 Monitoring of capital schemes is in accordance with the terms of reference set for the **Overview and Scrutiny Management Board** in Article 6 of the Constitution.

APPROVAL OF BUDGET CHANGES

In year changes to Budget

- B.14 **Outside of the criteria** set out in paragraphs B16-19 below, all changes to

the Budget must be made by full Council except for urgent changes to which paragraph 6 of the Budget and Policy Framework Procedure Rules applies.

B.15 Changes to the Budget which increase the Council's total expenditure and require either the use of the Council's general reserves or increased borrowing must be referred by the **Section 151 Officer** to the **Executive** for consideration before being referred to the full Council for decision.

B. 16 Subject to B12 money can be reallocated between service headings, (a service heading is defined as all services under an individual Assistant Director). Budget will only be reallocated if the purpose for which the budget was originally allocated has changed and in accordance with the following rules:

- reallocations of up to £250,000 and involves revenue to revenue movements only shall be approved by the relevant Chief Officer/s and should be notified to the **Section 151 Officer** . All reallocations will be recorded and held by the **Section 151 Officer** and reported to the **Executive** on a quarterly basis.
- reallocations of between £250,001-£500,000 and involves revenue to revenue movements only shall be approved by decision by the relevant **Executive Councillors**. The approval report will be prepared by the **Section 151 Officer** in consultation with other relevant Chief Officers. All reallocations will be recorded and held by the **Section 151 Officer** and reported to the **Executive** on a quarterly basis.
- reallocations over £500,000 and involves revenue to revenue movements only shall be approved by the **Executive**. The approval report will be written by the **Section 151 Officer** in consultation with other relevant Chief Officers. . All reallocations will be recorded and held by the **Section 151 Officer** and reported to the **Executive** on a quarterly basis.
- Any reallocation that involves a revenue to capital movement must also comply with the approval criteria contained in this paragraph (B16) however, in addition, must also gain approval in writing from the **Section 151 Officer**.

B.17 External funding will be secured in accordance with the constitution, the approved Financial Strategy and the approval limits set out in this paragraph.

Budget changes will be made to the Council's income and expenditure budgets to ensure the appropriate financial governance arrangements are in place.

B.18 In deciding whether or not to make a bid for external funding or enter into a pooled funding arrangements Chief Officers, Executive Councillors or the Executive must ensure that:

- The project or fund contributes to the Council's corporate objectives;
- Matched funding is available within existing budgets;

- Partner contributions are confirmed;
- Risks are assessed and minimised including:
 - Where funding is linked to the achievement of specific outcomes or identified performance measures.
 - Where success relies on others.
- The Council has the capacity to deliver the outcomes and timescales required; and
- Have an agreed and clear Exit Strategy. This will minimise the risk to the Council following the conclusion of the grant.

And must consider:

- The probability of success in obtaining funding, particularly in relation to the resource costs of preparing bids;
- Co-ordination of bids and initiatives within the Council and with partners; and
- Whether the project represents value for money.

B.19 To make a bid for or accept a gift of external funding, officers must be eligible to do so under the terms of the respective service Scheme of Authorisation. In addition, for larger bids as detailed below officers should consult :

- The appropriate Executive Councillor or the Executive and S151 Officer – for projects where the external funding bid is more than £250,000.
- The appropriate Chief Officer and S151 Officer – for projects where the external funding bid is between £50,000 -£250,000.

The above criteria are applied to the making of a bid for external funding and do not constitute approval to spend on the project itself. Regulations B8-B10 on capital spend also apply.

The Section 151 Officer must ensure that:

- Costs, benefits and risks are assessed fully before partnership agreements are made;
- Governance, accountability and reporting arrangements are appropriate and clear; and
- Financial arrangements are appropriate and safeguard the Council's interests.

B.20 In cases of urgency, applications for external funding may be provisionally made following email approval to do so by the appropriate Chief Officer or Executive Councillor depending on the value of the external funding bid outlined above. The appropriate consultation must be carried out retrospectively and before the funding is formally accepted.

Approval of carry forward

B. 21 All under and overspendings on service revenue budgets of up to 1% will be carried forward without exception ,however, the use of this carry forward will be reported to the **Executive** and full **Council** for noting. The use of all under-spending on service budgets in excess of 1% will be considered by the **Executive** and decided by full **Council**. The means of funding all overspendings on service budgets in excess of 1% will be considered by the **Executive** and decided by the full **Council**. All 1% calculations will be made at Chief Officer level.

B.22 All under and overspendings on the following budgets will be carried forward without exception

- Capital budgets;
- The Dedicated Schools Budget;
- Specific grants; and
- Revenue budgets related to formally constituted shared services

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FINANCIAL REGULATION C: RISK MANAGEMENT AND INTERNAL CONTROL INTRODUCTION

- C.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant risks to the Council.
- C.2 Sound systems of internal control are essential to the proper economic, efficient and effective use of resources, the achievement of objectives and safeguarding public funds.
- C.3 There is a basic expectation that members and officers will act with integrity and with due regard to matters of probity and propriety, and comply with all relevant rules, regulations, procedures and codes of conduct.
- C.4 Risk management is an integral part of effective management. This should include the proactive participation of all those associated with planning and delivering services.

GOOD GOVERNANCE

- C.5 Good governance can mean different things to people – in the public sector it means:

"Achieving the intended outcomes while acting in the public interest at all times"

- C.6 Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.
- C.7 The Council's governance framework aims to ensure that in conducting its business it:
- 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 risk.
 - meets the needs of Lincolnshire communities - secures continuous improvements in the way it operates.
- C.8 Our governance framework comprises of the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes.
- C.9 The Council is required to undertake an annual review of its governance and assurance arrangements – identifying any significant governance issues. The **Section 151 Officer** will compile an Annual Governance Statement (in consultation with the Corporate Leadership Team) in accordance with good practice.

RISK MANAGEMENT

- C.10 The **Corporate Leadership Team** and the **Executive** are accountable for the risk and related control environment. They are also responsible for approving the [Councils Risk Management Strategy](#) and corporate risk policies and setting the level of risk the Council is prepared to accept (the risk appetite).
- C.11 The **Audit Committee** is responsible for overseeing the effectiveness of the Council's risk management arrangements, challenging risk information and escalating issues to the **Corporate Leadership Team** and the **Executive** where appropriate.
- C.12 The **Section 151 Officer** is responsible for preparing the risk management policy statement (strategy), for promoting it throughout the Council and for advising the **Executive** on the proper management of risk, for example, the appropriate placement of insurance cover, through external insurance or internal funding and the negotiation of **all** claims.
- C.13 The Senior Information Risk Owner is responsible for strategic information risks and leads and fosters a culture that values, protects and uses information in a manner that benefits the council and the services it delivers. The role ensures an appropriate governance framework is in place to support the council in meeting its statutory, regulatory, and third-party information obligations, and ensures risk from internal and external threats is appropriately mitigated.
- C.14 **Chief Officers** must have regard to the advice of the **Section 151 Officer** and adhere to the Council's Risk Management Strategy. Specifically, **Chief Officers** must:
- Take full ownership of all risks within their areas of responsibility, including those related to partnerships in which their service participates.
 - Ensure compliance with the Council's risk management framework – working within the Council's risk appetite.
 - Promote a culture of risk management awareness – ensuring risk management is the planned and systematic approach to the identification, evaluation and control of risk.
 - Notify the **Section 151 Officer** promptly of all new or increased risks, activities, properties or vehicles which require insurance and of any alterations that may affect existing insurances.

INTERNAL CONTROL

- C.15 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- C.16 It is the responsibility of the **Section 151 Officer** to assist the **Council** to put in place an appropriate control environment and effective internal controls that adhere with proper practices – providing reasonable assurance of compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- C.17 The system of internal control plays a key part of the Council's governance framework.
- C.18 It is the responsibility of **Chief Officers** to establish sound arrangements for planning, appraising, authorising and controlling their operations to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

AUDIT REQUIREMENTS

Internal Audit

- C.19 The Accounts and Audit Regulations 2015 require the Council to maintain an effective internal audit service to evaluate the effectiveness of its risk management, control and governance processes.
- C.20 The internal audit service should operate in conformance with the Public Sector Internal Audit Standards and CIPFA's local government application note relating to these standards.
- C.21 There is a requirement for an external quality assessment to be carried out at least once every 5 years to assess conformance with the Public Sector Internal Audit Standards. The **Audit Committee** should oversee and review the outcome of the external assessment.
- C.22 **Internal Auditors** have the authority to:
- Access any Council premises, assets, records, documents and correspondence.
 - Receive any information and explanations related to any matter under consideration.
 - Require any employee of the Council or school maintained by the Council to account for cash, income, payments or any other asset under their control.

- Access records belonging to third parties (eg Contractors) when required.
- Directly access the **Head of Paid Service**, the **Executive**, the **Audit Committee** and other Chief Officers & Overview and Scrutiny Committees as required.

C.23 The nature, role, responsibilities and authority of Internal Audit for the Authority are set out in the [Internal Audit Charter](#)

External Audit

C.24 Through delegation by the **Council**, the **Audit Committee** is responsible for appointing the Council's external auditors. The Council has opted into the national scheme for External Auditor appointments under the Local Audit and Accountability Act 2014 and Regulation 3 of the Local Audit (appointing persons) Regulations 2015.

C.25 The **Audit Committee** considers all matters related to the Council's external auditor, including the annual audit letter and specific reports to those charge with governance.

The External Auditor has the authority:

- To have free and unfettered access to any records, documents and correspondence required to conduct their statutory audit.
- Receive any information and explanations related to any matter under consideration.

C.26 The **Council** may, from time to time, be subject to audit, inspection or investigation by external regulators, inspectors or agents such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

PREVENTING FRAUD AND CORRUPTION

C.27 The **Section 151 Officer** is responsible for the development and maintenance of a [Counter Fraud Policy](#) and [Whistleblowing Policy](#) which should be endorsed and approved by the **Audit Committee**.

C.28 The **Head of Paid Service (Chief Executive)** is ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption. The Council promotes a culture that will not tolerate fraud or corruption.

C.29 **Chief Officers** should ensure that this policy is adhered to and that they assess the risk of fraud, corruption and theft in their service areas - reducing these risks by implementing strong internal controls.

Specifically they are must report all suspected fraud or financial irregularity in their service areas to the **Head of Internal Audit**. The **Head of Internal Audit** will report significant matters to the Section 151 Officer, **Head of Paid Service (Chief Executive)**, the **Executive** and the **Audit Committee**.

C.29 Public bodies, such as this Council, are required to have a Whistleblowing policy and to ensure that employees are not victimised or dismissed for raising their concerns internally.

The **Section 151 Officer** is responsible for overseeing the effectiveness of the Council's governance arrangements – this includes the Council's whistleblowing arrangements. The Counter Fraud function is responsible for maintaining the whistleblowing reporting arrangements.

C.30 The **Audit Committee** will scrutinise the effectiveness of the Council's Counter Fraud and Whistleblowing arrangements.

C.31 The associated guidance on Risk Management and Internal Control can be found in [Financial Procedure 2 – Risk Management and Internal Control](#).

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FINANCIAL REGULATION D: ACCOUNTING RECORDS AND FINANCIAL SYSTEMS

INTRODUCTION

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

GENERAL

D.2 The **Section 151 Officer** is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by Chief Officers to the existing financial systems or the establishment of new systems must be approved in advance by the **Section 151 Officer**. However, **Chief Officers** are responsible for the proper operation of financial processes in their own directorates.

D.3 Any changes to agreed procedures by **Chief Officers** to meet their own specific service needs should be agreed in advance with the **Section 151 Officer**.

D.4 **Chief Officers** should ensure that their staff receives relevant financial training that has been approved by the **Section 151 Officer**.

D.5 **Chief Officers** must ensure that accounting records and financial systems are operated in line with the council's information assurance framework to ensure security of information/information systems is maintained. Chief Officers must ensure records are managed appropriately and obligations set out in applicable information legislation met.

PAYMENTS TO EMPLOYEES AND MEMBERS

D.6 The **Section 151 Officer** is responsible for payment of remuneration to all staff and for payment of allowances to Councillors.

TAXATION

D.7 The **Section 151 Officer** is responsible for advising Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.

D.8 The **Section 151 Officer** is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits, submitting tax returns by their due date as appropriate and maintaining dispensations from the tax office.

FINANCIAL REGULATION E: CONTROL OF RESOURCES AND OTHER ASSETS

INTRODUCTION

- E.1 The **Council** recognises that effective control of its resources and other assets is required. These have been identified as people, information and data, ICT hardware and software, consumables, cash, and intellectual property.

ASSETS

- E.2 **Chief Officers** should ensure that assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.
- E.3 Responsibilities for disposal of unwanted and obsolete items rests with the **Section 151 Officer, Chief Officers** and the appropriate **Executive Councillor** as described below:
- Items, at the point of disposal, less than £20,000 in value can be disposed of by the appropriate Chief Officer.
 - Items, at the point of disposal, between £20,000 and £100,000 in value can be disposed of by the appropriate Chief Officer in consultation with the S151 Officer.
 - Items, at the point of disposal, greater than £100,000 in value can be disposed of by the appropriate Chief Officer in consultation with the S151 Officer and appropriate Executive Councillor.
- E.4 The **Executive Director of Commercial** is responsible for the estate management, including all property acquisition and disposal, of the County Council and the overall objectives for this are contained in the Property Management Strategy held in the **Executive Director of Commercial's** Office. Where such acquisition and disposal forms part of a wider project or initiative then that wider project or initiative will still require approval in accordance with the Constitution.
- E.5 For all acquisitions including lease or rent renewals the approval requirements at B9 of these regulations apply. (For rent or leases, costs should be calculated as the basic rent or lease multiplied by the term).
- E.6 The County Council may not lease property at less than full market rent without Secretary of State consent unless certain criteria are met. Approval for the grant of a lease at an undervalue must be obtained either through an appropriate decision based on a report to the **Executive Councillor** or by the exercise of authority delegated for the purpose. Early advice must be sought from or via Corporate Property as to the full market rental value for inclusion in

that report or delegated decision process, to demonstrate the scale of the benefit in kind embodied in a lower rent. Even where there is general consent from the Secretary of State issues may arise concerning state aid; therefore legal advice should be sought.

DRAFT

TREASURY AND INVESTMENT MANAGEMENT

- E.7 Lincolnshire County Council adheres to the requirements of the CIPFA Code of Practice in Treasury Management in Public Services 2017 and associated updates and in doing so has adopted the following clauses within these financial regulations.
- E.8 The **Council** will create and maintain, as the cornerstones for effective treasury management:
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
 - 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.
- E.9 The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the **Council** materially deviating from the Code's key principles.
- E.10 The **Executive Councillor for Resources** will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual treasury management strategy and annual investment strategy in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- E.11 The approval and regular monitoring of the Council's treasury management policies and practices is the responsibility of the **Executive Councillor for Resources**, and responsibility for the execution and administration of treasury management decisions lies with the **Section 151 Officer**, who will act in accordance with the Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- E.12 The Council nominates the **Overview and Scrutiny Management Board** to be responsible for ensuring effective scrutiny of the treasury management strategy and policies, including the consideration of all reports as detailed in E.11 above and in addition, quarterly treasury monitoring reports.

STAFFING

- E.13 The **Head of Paid Service** is responsible for determining how Officer support for Executive and non-Executive roles within the Council will be structured within the budget approved by full Council.
- E.14 The **Head of Paid Service** is responsible for providing overall management to staff. They are also responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration of a job.

E.15 **Chief Officers** are responsible for controlling total staff numbers by:

- Providing the **Executive** with a forecast of the budget necessary in any given year to cover estimated staffing levels.
- Adjusting the staffing to a level that can be funded within approved budget provision.
- Varying the provision of service as necessary within that constraint in order to meet changing operational needs.
- The proper use of appointment procedures.

DRAFT

FINANCIAL REGULATION F: INCOME AND EXPENDITURE

- F.1 It is the responsibility of **Chief Officers** to ensure that a proper scheme of authorisation has been established within their area and is operating effectively. The scheme of authorisation should identify staff authorised to act on the **Chief Officer's** behalf, or on behalf of the **Executive**, in respect of payments, income collection and placing orders, together within the limits of their authority.
- F.2 As part of its anti-money laundering procedures the Council will not accept any cash payments in excess of £1,000.
- F.3 The **Executive** is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.
- F.4 Responsibility for the write off of bad debts rests with **Section 151 Officer, Executive Councillor or Executive** as described below:
- Write off of debt less than £100,000 can be approved by the S151 Officer.
 - Write off of debt between £100,000 - £500,000 must be approved by formal decision by the appropriate Executive Councillor in consultation with the S151 Officer.
 - Write off of debt greater than £500,000 must be approved by formal decision by the Executive in consultation with the S151 Officer.

FINANCIAL REGULATION G. EXTERNAL ARRANGEMENTS

INTRODUCTION

- G.1 The **Council** provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It may also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.
- G.2 The **Executive** is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- G.3 The **Monitoring Officer** is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.
- G.4 The **Section 151 Officer** must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and that appropriate arrangements are in place for fulfilling any responsibilities of the Council in respect of any pooled fund arrangements or as lead authority or accountable body in respect of any external funding. They must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- G.5 **Chief Officers** are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

EXTERNAL FUNDING

- G.6 The **Section 151 Officer** is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts. Paragraphs B17-20 also apply.

WORK FOR THIRD PARTIES

- G.7 The **Executive** is responsible for approving the contractual arrangements for any significant work for third parties or external bodies. For this purpose, significant is deemed to be contracted annual income from a body that is greater than £100,000. Approval will be made after appropriate professional (including but not restricted to legal advice) has been obtained.
- G.8 The Councils Contract Regulations provide the primary source of guidance on the Councils involvement relating to all trading activity and must be read in conjunction with paragraphs G10-G14 below.

TRADING ACCOUNTS /BUSINESS UNITS /SHARED SERVICES

- G.9 It is the responsibility of the **Section 151 Officer** to advise on the financial aspects relating to the establishment and operation of trading accounts,

business units, and shared services.

G.10 The **Section 151 Officer** will be responsible for the set up and maintenance of the financial affairs of the trading account, business unit or shared service and ensure all the necessary accountancy information is available and reported.

G.11 The Council has power to charge for discretionary services. A discretionary service is one that the authority is authorised, but not required, to provide. The income generated from such charges should not exceed the cost of service provision. The rates set for such services, and the manner in which the income is collected, will be in line with the Financial Procedure for Income and Expenditure (FP5). Where consideration is being given to the introduction of charges for discretionary services the relevant **Chief Officer** must consult the, **Section 151 Officer** and the **Chief Legal Officer** on all aspects of the proposal (i.e. financial, legal and personnel related) prior to seeking approval from the **Executive**.

POWERS TO TRADE

G.12 The authority has power to perform, for commercial purposes; anything it is normally authorised to do for the purpose of carrying out its normal functions but only if it does so through a company. The authority cannot perform, for commercial reasons, its ordinary functions that it is already required to carry out. Where consideration is being given to performing functions for a commercial purpose the relevant **Chief Officer** must consult the **Section 151 Officer** and the **Chief Legal Officer** on all aspects of the proposal (i.e. financial, legal and personnel related) prior to seeking approval from the **Executive**.

LOCAL AUTHORITY COMPANIES

G.13 Where consideration is being given to the establishment of a local authority company or involvement in other companies, even where they are not regulated under the Local Government and Housing Act 1989 the relevant **Chief Officer** must consult the **Section 151 Officer** and the **Chief Legal Officer** on all aspects of the proposal (i.e. financial, legal and personnel related) prior to seeking approval from the **Executive**.

FINANCIAL REGULATION H: REVISIONS AND AMENDMENTS INFLATION

- H.1 Where in these regulations specific financial limits apply, the **Section 151 Officer** shall review those limits at least triennially in the light of inflation and shall be authorised to vary them in the light of changes in their real value without further approval.

CONSTRUCTION AND INTERPRETATION

- H.2 The Financial Regulations, including the more detailed Financial Procedures shall be read and construed in conjunction with and in addition to the Contract Regulations of the Council and its Scheme of Delegation to Chief Officers.

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APPENDIX A – FINANCIAL PROCEDURES OVERVIEW & INDEX

FINANCIAL PROCEDURES – AN OVERVIEW

Financial Procedures provide the detailed mechanism to underpin the principles enshrined in the Regulations.

The procedures are an integral part of the control framework and carry the same force as the regulations from which they emanate.

The **Section 151 Officer** has responsibility for maintenance and review of these regulations.

Each regulation sets out:

- the area covered;
- the purpose of the procedure (why it is important);
- the key controls;
- responsibility of Statutory Officers;
- responsibility of Chief Officers;
- responsibility of Members;
- related documents;
- contacts for assistance and advice
- procedural requirements;

FINANCIAL PROCEDURES

1. **Financial Management, Financial Planning and Financial Systems**
(Including policies and standards, system and records, virement, year-end procedures and accounts, budget management, monitoring and control, reserves and balances,)
2. **Risk Management and Internal Control**
(Including Risk profiling and responsibility, counter fraud, insurance, information and information systems, provision of adequate audit, relationships with external audit and other inspection regimes)
3. **Accounting Records**
(Including accounting records, accounting policies, year-end procedures, capital accounting, VAT, CITDS, Income Tax and National Insurance)
4. **Control of Resources and Assets**
(Including information security, inventories, stores, disposals, intellectual property, management of data and information, retention and disposal of records staffing, treasury management, loans to third parties, bank accounts, imprest accounts, cash management, trust funds.)
5. **Income and Expenditure**
(Including goods and services ordering, payment; leasing, staff and Member payments, income monitoring, receipting, banking)
6. **External Arrangements**
(Including partnership arrangements, external funding, provision of services to other bodies, other funds, commercialisation)

These documents are available on the LCC website.

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FINANCIAL REGULATIONS AND PROCEDURES

Financial Regulations for Lincolnshire County Council

Background

- A: Financial Management
- B: Financial Planning
- C: Risk Management and Control of Resources
- D: Systems and Procedures
- E: External Arrangements
- F: Revisions and amendments

Appendix A: Index of Financial Procedures

1. BACKGROUND

- 1.1 Lincolnshire County Council is one of the largest local authorities in England. It provides a diverse range of services to its residents. It works in partnership with district, parish and town councils, police, probation and health providers and a number of other organisations.
- 1.2 Lincolnshire County Council's governance structure is laid down in its Constitution, which sets out how the Council operates, how decisions are made and the procedures that are followed. This document forms part of the Constitution and should be read in conjunction with it.
- 1.3 The Authority has adopted a Leader and cabinet form of Executive.

2. FINANCIAL REGULATIONS

- 2.1 Financial Regulations provide the framework for managing the financial affairs of Lincolnshire County Council. They apply to every Councillor and Officer of the Council and anyone acting on its behalf. Financial Regulations must be adhered to at all times. All Chief Officers are accountable to the Executive Director - Resources for compliance with these rules. The Executive Director - Resources is accountable to the Council. All Officers with delegated responsibility for undertaking financial responsibility are accountable to their Chief Officer for compliance with the Financial Regulations.
- 2.2 The regulations identify the financial responsibilities of the full Council, Executive and Overview and Scrutiny Councillors, the Head of Paid Service, the Chief Executive, the Monitoring Officer, the Executive Director - Resources, other Chief Officers and other Officers. Executive Councillors and Chief Officers should maintain a written record where decision making has been delegated to Members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible Officers, such as school governors, references to the Chief Officer in the regulations should be read as referring to them.
- 2.3 All Councillors and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and contributes to the achievement of Best Value.
- 2.4 Should a material unauthorised breach of the Financial Regulations come to light then it must be reported immediately to the Executive Director - Resources. The Executive Director - Resources is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the full Council for approval. The Executive Director - Resources is also responsible for reporting material breaches of the Financial Regulations to Chief Officers, the Executive or the full Council as appropriate according to the severity of the breach.

- 2.5 The Executive Director - Resources is responsible for maintaining Lincolnshire County Council's Financial Procedures which set out in detail how the Financial Regulations will be implemented. The Executive Director - Resources may amend the Financial Procedures so long as the Financial Procedures remain consistent with the Financial Regulations. A full index of Financial Procedures is contained as Appendix A to the Financial Regulations alongside an overview of their structure, content and purpose.
- 2.6 Chief Officers are responsible for ensuring that all staff in their directorates are aware of the existence and content of Lincolnshire County Council's Financial Regulations, Financial Procedures and other internal regulatory documents and that they comply with them. They must also ensure that there is adequate availability of and access to the current version of these documents.
- 2.7 The Executive Director - Resources is responsible for issuing advice and guidance to underpin the Financial Regulations that Councillors, Officers and others acting on behalf of the Council are required to follow.

FINANCIAL REGULATION A: ROLES IN FINANCIAL MANAGEMENT

INTRODUCTION

- A.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the Budget and Policy Framework.

THE FULL COUNCIL

- A.2 The full Council is responsible for adopting the Council's Constitution and Members' Code of Conduct and for approving the Budget and Policy Framework within which the Executive operates. It is also responsible for ensuring compliance with the Budget and Policy Framework. The full Council may make decisions outside the Budget and Policy Framework in accordance with paragraph 5 of the Budget and Policy Framework Procedure Rules at part 4 of the Constitution.
- A.3 By approving the Constitution the full Council has identified the responsibility for decision making. Details of who has responsibility for which decisions are set out in the Constitution.

THE EXECUTIVE

- A.4 The Executive is responsible for proposing the Budget and Policy Framework to the full Council and for discharging executive functions in accordance with the Budget and Policy Framework.
- A.5 Executive decisions can be delegated to a Committee of the Executive, an individual Executive Councillor, an Officer or a joint Committee.
- A.6 The Executive is responsible for establishing protocols to ensure that individual Executive Councillors consult with relevant Officers before taking a decision within their delegated authority. In doing so, the individual Executive Councillor must take account of legal and financial liabilities and risk management issues that may arise from the decision.

OVERVIEW AND SCRUTINY COMMITTEES AND PANELS

- A.7 The Overview and Scrutiny Committees are responsible for scrutinising Executive decisions before or after they have been implemented and for holding the Executive to account.
- A.8 The scope of Overview and Scrutiny Committees are set out in Article 6 of the Constitution.
- A.9 Corporate Audit will report its planned work at the commencement of each year and will report the outcomes of that work at least annually to the Audit Committee.

The 'Head of Internal Audit' is required to provide an annual opinion on the effectiveness of the Council's governance, risk and internal control environment (including financial control) to the Audit Committee. This helps inform the Council's Annual Governance Statement — which is a self-assessment on how well the Council has been run.

THE STATUTORY OFFICERS

The Statutory Officers have responsibilities that lie within the Financial Regulations. These are set out below. The full scope of responsibilities for these Officers are contained within Article 10 of the Constitution.

Head of Paid Service

A.10 The Head of Paid Service is responsible for the corporate and overall strategic management of the Council as a whole. He/she must report to and provide information for the Executive, the full Council, the Overview and Scrutiny Committees and Panels, other Committees and Groups and is responsible for supporting all Councillors and non-elected members of the Council. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the full Council's decisions.

Monitoring Officer

A.11 The Monitoring Officer is responsible for advising all Councillors and non-elected members and Officers about who has authority to take a particular decision.

A.12 The Monitoring Officer together with the Executive Director - Resources is responsible for advising the Executive or full Council about whether a decision is likely to be considered contrary to or not wholly in accordance with the Budget and Policy Framework. Actions that may be contrary include:

- initiating a new policy;
- committing expenditure above the budget level;
- causing the total expenditure financed from Council Tax, grants, borrowing and general reserves to increase.

Executive Director - Resources

A.13 The Executive Director - Resources has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

Section 151 of the Local Government Act 1972

Requires that Authorities “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 Local Government Finance Act 1988

Section 114 of the Local Government Finance Act 1988 requires the Executive Director - Resources to make a report if the Council or one of its Officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council
- is about to make an unlawful entry in the authority's accounts.

The Executive Director - Resources must send a copy of that report to the external auditor and to each Councillor.

Section 114 of the 1988 Act also requires:

- the Executive Director - Resources to nominate a properly qualified member of staff to deputise should they be unable to perform the duties under section 114 personally
- the Council to provide the Executive Director - Resources with sufficient staff, accommodation and other resources - including legal advice where this is necessary - to carry out the duties under section 114.

The Accounts and Audit Regulations 2011

Specify that a relevant body must:

- Undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.
- Conduct a review at least once in a year of the effectiveness of its system of internal control. Following the review, the Audit Committee, must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control. The annual governance statement must accompany the statement of accounts.
- Conduct at least once a year a review of the effectiveness of its internal audit service. The outcome of this review is scrutinised by the Audit Committee.

The Local Government Act 2003

This identifies the Executive Director - Resources responsibilities in relation to:

- the level of the Authorities reserves and protocols for their use
- reporting on the robustness of the budget and the adequacy of reserves
- taking into account matters as specified in the prudential code
- reporting to Councillors on performance against budget and the impact on reserves.

A.14 The Executive Director - Resources is responsible for:

- the proper administration of the Council's financial affairs
- setting and monitoring compliance with financial management standards and accounting policies
- determining and agreeing the accounting procedures and records for the Council
- financial advice to the Council including advice on the corporate financial position and on the key financial controls necessary to secure sound financial management
- ensuring the provision of financial information
- preparing the revenue budget (in conjunction with Chief Officers) and capital programme
- ensuring that the Annual Statement of Accounts is prepared in accordance with International Financial Reporting Standards and statutory regulations as set out in the *CIPFA Code of Practice on Local Authority Accounting in the United Kingdom*
- treasury management
- maintaining an adequate, effective and continuous audit service of the control systems of the Council
- insurance and risk management

CHIEF OFFICERS

A.15 Chief Officers are responsible for ensuring that Executive Councillors and the relevant Overview and Scrutiny Committees and Panels are fully advised of the financial implications of all proposals and that the financial implications have been agreed where required by the Executive Director - Resources.

A.16 Chief Officers are responsible for consulting with the Executive Director - Resources and seeking approval on any matter liable to affect the Council's finances materially before any commitments are incurred.

A.17 Notifying the Council in conjunction with the Executive Director - Resources of the annual outturn against planned budget.

The Annual Financial Statements

A.18 The Executive Director - Resources is responsible for signing the Annual Financial Statements confirming that they present fairly the financial position of the Council. The Audit Committee is then responsible for approving the Annual Financial Statements. And where there are any concerns arising from the financial statements or from the audit bring these to the attention of the Council'

MAINTENANCE OF RESERVES

A.19 It is the responsibility of the Executive Director - Resources to advise the Executive and the full Council on prudent levels of reserves for Lincolnshire County Council.

FINANCIAL REGULATION B:

FINANCIAL PLANNING AND FINANCIAL MANAGEMENT

INTRODUCTION

B.1 The Councils' budget consists of the Revenue Budget and Capital Programme which is approved by the Council in February each year.

Preparation of the Performance and Budget Plan

B.2 The Head of Paid Service and the Executive Director - Resources are responsible for proposing the Performance and Budget Plan to the Executive for consideration before its submission to the full Council for approval. This will be prepared in consultation with other Chief Officers.

BUDGETING

Resource allocation

B.3 The Executive Director - Resources is responsible for developing and maintaining a resource allocation process that ensures due consideration of the full Council's Budget and Policy Framework.

Budget format

B.4 The general format of the budget will be determined by the Executive Director - Resources in consultation with Chief Officers and the relevant "Executive Councillor.

Budget preparation

- B.5 The Executive Director - Resources is responsible for ensuring that the revenue budget and capital programme is prepared typically on a three-yearly basis and with close regard to the current programme of comprehensive spending reviews undertaken by the incumbent Government. These will be updated annually for consideration by the Executive, before submission to the full Council in accordance with the Budget and Policy Framework Procedure Rules. The full Council may amend the Budget or ask the Executive to reconsider it before approving it.
- B.6 The Executive is responsible for issuing the guidelines within which the Budget should be prepared.
- B.7 It is the responsibility of Chief Officers to prepare budget estimates reflecting agreed service plans for the Executive and that these estimates are prepared in line with the guidelines determined by the Executive in B6 above.

Capital programme and schemes

- B.8 The Executive Director - Resources is responsible for ensuring that the capital programme is updated annually for consideration by the Executive before submission to full Council for approval. The Director is also responsible for ensuring regular monitoring reports are received by the Executive and the Overview and Scrutiny Management Board in relation to the delivery of the capital programme.
- B.9 Scheme appraisals are required where a scheme is over £500k in value and forms part of the already approved capital programme. These will normally be approved by the relevant Executive Councillor with responsibility for financial matters, who may also refer significant schemes to the relevant Overview and Scrutiny Committee for pre-decision scrutiny.
- B.10 The Overview and Scrutiny Management Board will monitor the delivery and outcomes of the overall capital programme. The relevant Overview and Scrutiny Committee may also review or scrutinise specific schemes including the achievement of value for money and utilisation of best practice.

Budget monitoring and control

- B.11 The Executive Director - Resources is responsible for ensuring the provision of appropriate financial information to enable budgets to be monitored effectively. Chief Officers must monitor and control expenditure against budget allocations and report to the Executive and the Overview and Scrutiny Management Board on the overall position on a regular basis.
- B.12 It is the responsibility of Chief Officers to control income and expenditure within their area and to monitor performance, taking account of financial

information provided by the Executive Director - Resources. They should report on variances within their own areas in accordance with the Financial Management Procedure. They should also take any action necessary to avoid exceeding their budget allocation and alert the Executive Director - Resources to any potential or anticipated problems.

- B.13 Monitoring of capital schemes is in accordance with the terms of reference set for the Overview and Scrutiny Management Board in Article 6 of the Constitution.

APPROVAL OF BUDGET CHANGES

In year changes to Budget

- B.14 Save as set out in paragraphs B16 and B17 below, all changes to the Budget must be made by full Council save for urgent changes to which paragraph 6 of the Budget and Policy Framework Procedure Rules applies.

- B.15 Changes to the Budget which increase the Council's total expenditure and require either the use of the Council's general reserves or increased borrowing must be referred by the Executive Director - Resources to the Executive for consideration before being referred to the full Council for approval.

- B.16 Subject to B12 money can be reallocated between service headings in accordance with the following rules:

- reallocations of up to £250,000 may be approved by the relevant Chief Officer/s and should be notified to the Executive Director - Resources.
- reallocations of between £250,001-£500,000 shall be notified to the Executive Director - Resources by the relevant Chief Officer/s and such reallocations shall be referred to the relevant Executive Councillor/s for decision in consultation with the Executive Director - Resources and the relevant Chief Officer/s
- reallocations over £500,000 shall be notified to the Executive Director Resources and Community Safety by the relevant Chief Officer/s. Such changes shall be referred to the Executive for consideration and to the full Council for approval

- B.17 Approval given in accordance with the Constitution to the attraction of external funding for any initiative of the Council (either alone or in partnership with others) shall constitute approval for any budget changes necessary to account for the receipt of that funding and the relevant Chief Officer shall notify the Executive Director - Resources of any such funding to be received. Where the Council receives additional monies within any year to secure compliance with the law ministerial direction or mandatory government guidance any change to the budget necessary to account for the receipt of such monies may be approved by the Executive Director - Resources. Any other changes to the budget connected with any application for external funding or occasioned by the need to comply with any law ministerial direction or mandatory government

guidance must be approved in accordance with the foregoing provisions of this section.

Approval of carry forward

- B. 18 All under and overspendings on service revenue budgets of up to 1% will be carried forward without exception. The use of all under-spending on service budgets in excess of 1% will be considered by the Executive and decided by the full Council. The means of funding all overspendings on service budgets in excess of 1% will be considered by the Executive and decided by the full Council.
- B.19 All under and overspendings on the following budgets will be carried forward without exception
- All capital budgets;
 - The Dedicated Schools Budget;
 - All specific grants; and
 - Revenue budgets related to formally constituted shared services

FINANCIAL REGULATION C: RISK MANAGEMENT AND CONTROL OF RESOURCES

INTRODUCTION

- C.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.

RISK MANAGEMENT

- C.2 The Audit Committee is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The Executive is responsible for ensuring the proper management of risk.
- C.3 The Executive Director - Resources is responsible for preparing the risk management policy statement, for promoting it throughout the Council and for advising the Executive on the proper management of risk, for example, insurance cover where appropriate.

INTERNAL CONTROL

- C.4 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes

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economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.

- C.5 The Executive Director - Resources is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- C.6 It is the responsibility of Chief Officers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

AUDIT REQUIREMENTS

- C.7 The Accounts and Audit Regulations 2011 require the Authority to maintain an adequate and effective internal audit service. The internal audit service should operate in conformance with the Public Sector Internal Audit Standards and CIPFA's local government application note relating to these standards.

There is a requirement for an external assessment to be carried out at least once every 5 years to assess conformance with the Public Sector Internal Audit Standards. The Audit Committee should oversee and review the outcome of the external assessment.

The nature, role, responsibilities and authority of Internal Audit for the Authority are set out in the 'Internal Audit Charter' and the associated Financial Procedure 7 — Audit and Inspection.

- C.8 The Audit Commission is responsible for appointing external auditors to each local Authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.
- C.9 The Council may, from time to time, be subject to audit, inspection or investigation by external regulators, inspectors or agents such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

PREVENTING FRAUD AND CORRUPTION

- C.10 The Executive Director - Resources is responsible for the development and maintenance of a Counter Fraud Policy and Whistleblowing Policy — which should be endorsed and approved by the Audit Committee.

The Head of Paid Service is ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.

Chief Officers should ensure that they assess the risk of fraud, corruption and theft in their service areas and reduce these risks by implementing strong internal controls.

Chief Officers are responsible for reporting all suspected fraud or financial irregularity in their service areas to the Internal Audit function.

Public bodies, such as this Authority, are required to have a Whistleblowing policy and to ensure that employees are not victimised or dismissed for raising their concerns internally.

The Executive Director - Resources is responsible for overseeing the effectiveness of the Council's governance arrangements — this includes the Council's whistleblowing arrangements. The Internal Audit function is responsible for maintaining the whistleblowing reporting arrangements.

The Executive Audit Committee will scrutinise the effectiveness of the Authority's Counter Fraud and Whistleblowing arrangements.

ASSETS

- C.11 Chief Officers should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.
- C.12 Responsibility for disposal of unwanted and obsolete items rests jointly with the Executive Director - Resources and Chief Officers up to a value of £20,000 at the point of disposal and with individual Chief Officers below £5,000 at the point of disposal. Items above the specified limit require the approval of the relevant Executive Councillor. Disposals should be in accordance with Financial Procedures.
- C.13 The Executive Director - Commercial is responsible for the estate management, including all property acquisition and disposal, of the County Council and the overall objectives for this are contained in the Property Management Strategy held in the Executive Director - Commercial Office. Where such acquisition and disposal forms part of a wider project or initiative then that wider project or initiative will still require approval in accordance with the Constitution.
- C.14 For all acquisitions including lease or rent renewals the approval requirements at B9 of these regulations apply. (For rent or leases, costs should be calculated as the basic rent or lease multiplied by the term).
- C.15 The County Council may not lease property at less than full market rent without Secretary of State consent unless certain criteria are met. Approval for the grant of a lease at an undervalue must be obtained either through an appropriate resolution based on a report to the Executive Councillor or by the exercise of authority delegated for the purpose. Early advice must be sought

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from or via Corporate Property as to the full market rental value for inclusion in that report or delegated decision process, to demonstrate the scale of the benefit in kind embodied in a lower rent. Even where there is general consent from the Secretary of State issues may arise concerning state aid; therefore legal advice should be sought.

TREASURY AND INVESTMENT MANAGEMENT

C.16 Lincolnshire County Council adheres to the requirements of the CIPFA Code of Practice in Treasury Management in Public Services 2011 and in doing so has adopted the following clauses within these financial regulations.

C.17 The Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
- 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.

C.18 The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

C.19 The Executive Councillor for Finance will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual treasury management strategy and annual investment strategy in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

C.20 The Council delegates responsibility for the approval and regular monitoring of its treasury management policies and practices to the Executive Councillor for Finance, and for the execution and administration of treasury management decisions to the Executive Director - Resources, who will act in accordance with the Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

C.21 The Council nominates the Overview and Scrutiny Management Board to be responsible for ensuring effective scrutiny of the treasury management strategy and policies, including the consideration of all reports as detailed in C.19 above and in addition, quarterly treasury monitoring reports.

C.22 The full Council is responsible for determining how Officer support for Executive and non-Executive roles within the Council will be structured and

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funded.

C.23 The Head of Paid Service is responsible for providing overall management to staff. They are also responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration of a job.

C.24 Chief Officers are responsible for controlling total staff numbers by:

providing the Executive with a forecast of the budget necessary in any given year to cover estimated staffing levels;

adjusting the staffing to a level that can be funded within approved budget provision;

varying the provision of service as necessary within that constraint in order to meet changing operational needs; and

the proper use of appointment procedures.

FINANCIAL REGULATION D: SYSTEMS AND PROCEDURES

INTRODUCTION

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

GENERAL

D.2 The Executive Director - Resources is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by Chief Officers to the existing financial systems or the establishment of new systems must be approved in advance by the Executive Director - Resources. However, Chief Officers are responsible for the proper operation of financial processes in their own directorates.

D.3 Any changes to agreed procedures by Chief Officers to meet their own specific service needs should be agreed in advance with the Executive Director - Resources.

D.4 Chief Officers should ensure that their staff receive relevant financial training that has been approved by the Executive Director - Resources.

D.5 Chief Officers must ensure that, where appropriate, computer and manual systems are registered in accordance with data protection legislation. Chief Officers must ensure that staff are aware of their responsibilities under freedom of information legislation.

INCOME AND EXPENDITURE

- D.6 It is the responsibility of Chief Officers to ensure that a proper scheme of authorisation has been established within their area and is operating effectively. The scheme of authorisation should identify staff authorised to act on the Chief Officer's behalf, or on behalf of the Executive, in respect of payments, income collection and placing orders, together with the limits of their authority. As part of its anti-money laundering procedures the Council will not accept any cash payments in excess of £1,000. The Executive is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.
- D.7 Responsibility for write off of bad debts rests jointly with the Executive Director - Resources and Chief Officers up to a value of £20,000 and with individual Chief Officers below £5,000. Items above the specified limit require the approval of the relevant Executive Councillor.

PAYMENTS TO EMPLOYEES AND MEMBERS

- D.8 The Executive Director - Resources is responsible for payment of remuneration to all staff and for payment of allowances to Councillors.

TAXATION

- D.9 The Executive Director - Resources is responsible for advising Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.
- D.10 The Executive Director - Resources is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits, submitting tax returns by their due date as appropriate and maintaining dispensations from the tax office.

TRADING ACCOUNTS/BUSINESS UNITS

- D.11 It is the responsibility of the Executive Director - Resources to advise on the establishment and operation of trading accounts and business units, where appropriate.
- D.12 Where consideration is being given to the introduction of charges for discretionary services or to utilising a trading power the relevant Chief Officer must consult with the Executive Director - Resources and Chief Legal Officer on all aspects of the proposal (i.e. financial, legal and personnel related) prior to seeking approval from the Executive.

FINANCIAL REGULATION E: EXTERNAL ARRANGEMENTS

INTRODUCTION

- E.1 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It may also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.
- E.2 The Executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- E.3 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.
- E.4 The Executive Director - Resources must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and that appropriate arrangements are in place for fulfilling any responsibilities of the Council in respect of any pooled fund arrangements or as lead authority or accountable body in respect of any external funding. They must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- E.5 Chief Officers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

EXTERNAL FUNDING

- E.6 The Executive Director - Resources is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

The External Funding Strategy covers the principles which the Council will apply to generating additional funding via making bids to the Government and other funding bodies and the proper processes for obtaining necessary approvals.

WORK FOR THIRD PARTIES

- E.7 The Executive is responsible for approving the contractual arrangements for any significant work for third parties or external bodies. For this purpose, significant is deemed to be contracted annual income from a body that is greater than £100,000. Approval will be made after appropriate professional (including but not restricted to legal advice) has been obtained.

FINANCIAL REGULATION F: REVISIONS AND AMENDMENTS

INFLATION

- F.1 Where in these regulations specific financial limits apply, the Executive Director - Resources shall review those limits at least triennially in the light of inflation and shall be authorised to vary them in the light of changes in their real value without further approval.

CONSTRUCTION AND INTERPRETATION

- F.2 The Financial Regulations shall be read and construed in conjunction with and in addition to the Contract Regulations of the Council and its Scheme of Delegation to Chief Officers.

APPENDIX A - FINANCIAL PROCEDURES OVERVIEW & INDEX

FINANCIAL PROCEDURES - AN OVERVIEW

Financial Procedures provide the detailed mechanism to underpin the principles enshrined in the Regulations.

The procedures are an integral part of the control framework and carry the same force as the regulations from which they emanate.

The Executive Director - Resources has responsibility for maintenance and review of these regulations.

Each regulation sets out:

- the area covered;
- the purpose of the procedure (why it is important);
- the key controls;
- responsibility of Statutory Officers;
- responsibility of Chief Officers;
- specific procedural requirements (where appropriate);
- contacts for assistance and advice.

FINANCIAL PROCEDURES

1. Financial Management
(Including policies and standards, system and records, virement, year end procedures and accounts)
2. Financial Planning (Revenue and Capital)
(Including budget management, . monitoring and control, reserves and balances)
3. Asset Management
(Including physical asset security, inventories, stores, disposals, intellectual property, data and information, retention and disposal of records, IT security)
4. Treasury Management
(Including Investments, bank accounts, imprests, cash management)
5. Procurement
(Including goods and services ordering, payment; leasing, staff and Member payments)
6. Risk Management
(Including Risk profiling and responsibility, counter fraud, insurance)
7. Audit and inspection
(Including provision of adequate audit, relationships with external audit and other inspection regimes)
8. External Service Arrangements
(Including partnership arrangements, external funding, provision of services to other bodies, other funds)
9. Accounting to statutory bodies
(Including VAT, CITDS, Income Tax and National Insurance)
10. Income control
(Including monitoring, receipting, banking)
11. Accounting
(Including accounting records, accounting policies, year end procedures, capital accounting)

These documents are available on the LCC website.

Extract of Constitution – Audit Committee Terms of Reference –

Updated to meet CIPFA Best Practice – suggested

Audit Committee

There will be an Audit Committee consisting of nine members. Seven of the members will be Non-Executive Councillors and reflect the political balance overall.

Two members shall be independent people (non-voting members) who are not a Councillor or Officer of the Council; or a former Officer of the Council if their departure was in the last five years.

Role:

To fulfil the role of an Audit Committee in respect of the work of the Council. Setting out the Committees position in the governance structure of the Council.

- The Audit Committee is a key component of Lincolnshire County Council's corporate governance. It provides an independent and highlevel focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- The purpose of the Audit Committee is to provide independent assurance to members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Lincolnshire County Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Functions:

~~Regulatory Framework~~—**Governance, Risk and Control**

- To maintain an overview of the Council's Constitution.
- To review any issues referred to it by the Chief Executive, Director or any Council body.
- To monitor the effective development and operation of risk management ~~and corporate governance~~ in the Council.
- To monitor progress in addressing risk-related issues reported to the committee.
- To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- To monitor the counter-fraud strategy, actions and resources.
- To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

- To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and ~~and~~ consider the local code of governance. ~~annual governance reports and assurances.~~
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- To consider the Council's compliance with its own and other published standards and controls.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To review the governance and assurance arrangements for significant partnerships or collaborations.
- ~~To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.~~

Internal Audit

- Approve the internal audit charter.
- To review proposals made in relation to the appointment of external providers on internal audit services and to make recommendations.
- To consider the Head of Internal Audit's annual report and opinion.
 - a. The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.
 - b. The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.
- 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.
- To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:-
 - a. Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
 - b. Regular reports on the results of the Quality Assurance and Improvement Programme.
 - c. Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

- To consider summaries of specific internal audit reports of significance or as requested.
- To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To provide free and unfettered access to the audit committee chair for the Head of Internal Audit, including the opportunity for a private meeting with the committee.
- To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To approve and periodically review safeguards to limit such impairments.
- To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- To support the development of effective communication with the Head of Internal Audit.

External Audit

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

Accounts Financial Reporting

- To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- Duty to approve the authority's statement of accounts, income and expenditure and balance sheet.

Standards

- Promoting and maintaining high ethical standards by Councillors and non-elected members.

- Assisting the Councillors and added members to observe the Members' Code of Conduct.
- Advising the Council on the adoption or revision of the Members' Code of Conduct.
- Monitoring the operation of the Members' Code of Conduct.
- Advising, training or arranging to train Councillors and added members on matters relating to the Members' Code of Conduct.
- Determining complaints of breaches of the Code of Conduct for Members referred for hearing by the Monitoring Officer.

Accountability arrangements

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

**Open Report on behalf of Andrew Crookham,
Executive Director - Resources**

Report to:	County Council
Date:	21 February 2020
Subject:	Appointment to Eastern Shires Purchasing Organisation (ESPO) – Management Committee

Summary:

This report requests the Council to make an appointment change to the Eastern Shires Purchasing Organisation (ESPO) – Management Committee.

Recommendation:

That Councillor A G Hagues be appointed to the Eastern Shires Purchasing Organisation (ESPO) Management Committee.

1. Background

The Council has responsibility for appointing representatives of the Council to outside bodies unless the appointment is an Executive function under Part 3 of the Constitution, or has been delegated by the Council.

Under Part 3 of the Constitution the Executive has responsibility to make appointments to all outside bodies except joint committees of one or more local authorities, or politically balanced bodies. The bulk of outside body appointments are therefore made by the Executive. However, under the Council's Constitution it falls to the Council to make appointments to joint committees and to those bodies, the membership of which is politically balanced. ESPO is a joint committee of one or more local authorities.

At the Annual General meeting held on 19 May 2017, the Council appointed member representation to outside bodies under Part 3 of the Constitution that were the responsibility of the Council.

At that time, appointments made in respect of the ESPO Management Committee were as follows:-

Name of Body	Number of Appointments	Councillor(s)
Eastern Shires Purchasing Organisation – Management Committee	2	R D Butroid Mrs S Rawlins

Since the meeting, notification has been received that Councillor R D Butroid is to step down as one of our representatives, and is proposed to be replaced by Councillor A G Hagues.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is

identified consideration must be given to measures to avoid that impact as part of the decision making process.

There are no implications in relation to the Equality Act 2010 in changing this appointment.

Joint Strategic Needs Analysis (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision.

There are no implications for the JSNA or JHWS in relation to the review of Council appointments to Outside Bodies.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

There are no implications in relation to Crime and Disorder from the review of these appointments.

3. Conclusion

The appointment to outside bodies assists Councillors participating strategically and in the wider community. It also provides Councillors with additional knowledge and expertise which can be shared with fellow Councillors.

4. Legal Comments:

The making of an appointment to the Eastern Shires Purchasing Organisation (ESPO) Management Committee is within the remit of the Council.

5. Resource Comments:

There are no direct financial implications arising from the adoption of the recommendations in this report.

6. Consultation

a) Has Local Member Been Consulted?

Not applicable.

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

Not applicable.

d) Have Risks and Impact Analysis been carried out??

No

e) Risks and Impact Analysis

Not applicable.

7. Background Papers

Document title	Where the document can be viewed
County Council Report 19 May 2017	https://lincolnshire.moderngov.co.uk/documents/s18500/Outside%20Bodies%202017%20-%202018.pdf

This report was written by Katrina Cope, who can be contacted on 01522 552104 or Katrina.cope@lincolnshire.gov.uk.