

## **GOVERNANCE COMMITTEE**

WEDNESDAY, 18TH APRIL, 2018, 6.00 PM

WHEEL ROOM, CIVIC CENTRE, WEST PADDOCK, LEYLAND PR25  
1DH

### **AGENDA**

**1 Apologies for absence**

**2 Declarations of Interest**

Members are requested to indicate at this stage in the proceedings any items on the agenda in which they intend to declare an interest. Members are reminded that if the interest is a Disclosable Pecuniary Interest (as defined in the Members' Code of Conduct) they must leave the room for the whole of that item. If the interest is not a Disclosable Pecuniary Interest, but is such that a member of the public could reasonably regard it as being so significant that it is likely that it would prejudice their judgment of the public interest (as explained in the Code of Conduct) then they may make representations, but then must leave the meeting for the remainder of the item.

**3 Minutes of the Last Meeting**

(Pages 3 - 8)

Held on Wednesday, 31 January 2018, to be signed as a correct record.

**4 External Audit Progress Report and Sector Update**

(Pages 9 - 22)

Report of the Deputy Chief Executive (Resources and Transformation)/External Auditor Engagement Lead.

**5 External Audit Plan 2017/18**

(Pages 23 - 42)

Report of the Deputy Chief Executive (Resources and Transformation)/External Auditor Engagement Lead.

**6 Internal Audit Plan 2018/19 and Internal Audit Charter**

(Pages 43 - 50)

Report of the Head of Shared Assurance Services.

**7 Risk Management Framework**

(Pages 51 - 60)

Report of the Head of Shared Assurance Services.

|           |  |                   |
|-----------|--|-------------------|
| <b>8</b>  | <b>2017/18 Closure of Accounts - Approval of Accounting Policies to be included in the Statement of Accounts 2017/18</b> | (Pages 61 - 76)   |
|           | Report of the Deputy Chief Executive (Resources & Transformation).   |                   |
| <b>9</b>  | <b>Notices of Motion</b>   | (Pages 77 - 102)  |
|           | Report of the Interim Monitoring Officer attached.   |                   |
| <b>10</b> | <b>Access to Information Procedure Rules</b>   | (Pages 103 - 132) |
|           | Report of the Interim Monitoring Officer attached.   |                   |
| <b>11</b> | <b>Whistleblowing Policy</b>   | (Pages 133 - 166) |
|           | Report of the Interim Monitoring Officer attached.   |                   |

Heather McManus  
CHIEF EXECUTIVE

Electronic agendas sent to Members of the Governance Committee Councillors Alan Ogilvie (Chair), James Patten (Vice-Chair), Paul Foster, Caroline Moon, Margaret Smith and Karen Walton

The minutes of this meeting will be available on the internet at [www.southribble.gov.uk](http://www.southribble.gov.uk)

Forthcoming Meetings

6.00 pm Tuesday, 29 May 2018 - Wheel Room, Civic Centre, West Paddock, Leyland PR25 1DH

|                                    |   |
|------------------------------------|---|
| <b>MINUTES OF</b>                  | <b>GOVERNANCE COMMITTEE</b>   |
| <b>MEETING DATE</b>                | <b>Wednesday, 31 January 2018</b>   |
| <b>MEMBERS PRESENT:</b>            | Councillors Alan Ogilvie (Chair), James Patten (Vice-Chair), David Bird, Margaret Smith and Karen Walton  |
| <b>OFFICERS:</b>                   | Garry Barclay (Head of Shared Assurance Services), Jane Blundell (Deputy Section 151 Officer), Lee Hurst (Principal Systems & Financial Accountant), Dave Whelan (Legal Services Manager/Monitoring Officer), Dawn Highton (Principal Auditor (South Ribble)), Joanne Platt (Interim Corporate Improvement Manager) and Dave Lee (Democratic Services Officer)  |
| <b>OTHER MEMBERS AND OFFICERS:</b> | Councillor Clifford Hughes MBE (Cabinet Member for Strategic Planning and Housing), Councillor Keith Martin, Councillor Jacqueline Mort (Cabinet Member for Public Health, Safety and Wellbeing), Councillor Phil Smith (Cabinet Member for Regeneration and Leisure), Tracy Boustead (Interim HR and OD Officer), Darren Cranshaw (Scrutiny & Performance Manager), Heather McManus (Chief Executive), Mark Hodges (Partnership Development Manager) and Jonathan Noad (Planning Manager) also Simon Hardman (Grant Thornton PLC) and Mark Heap (Grant Thornton PLC) |
| <b>PUBLIC:</b>                     | 2   |

#### **40 Apologies for absence**

An apology for absence was received from Councillor Paul Foster.

#### **41 Declarations of Interest**

There were no declarations of interest.

#### **42 Minutes of the Last Meeting**

RESOLVED (Unanimously):

That the minutes of the meeting of the committee held on 29 November 2017 be approved as a correct record and signed by the chairman.

In respect minute 39, the Committee was informed that the Council had been working through the selection of an appropriate procurement partner/expertise to help deliver the strategy. The timescales of the selection process were in line and the delivery of that project was still on course.

#### **43 Treasury Management Activity - update to 31 December 2017**

The Committee considered a report of the Deputy S151 Officer on Treasury Management performance to the end of December 2017 and updates on other issues relevant to Treasury Management activity.

The mid-year review of the Treasury Strategy and Treasury Management activity required by the Code of Practice for Treasury Management was presented to the Governance Committee's meeting on 13 September 2017. This provided updated information in respect of Treasury Management activity, and issues relevant to Treasury Management.

During the discussion the Committee commented on areas which included –

- A new report to provide members with a high level summary of the overall capital strategy and to see how the cash resources of the authority have been apportioned between treasury and non-treasury investments
- The interest earning benchmark and the actual investment return
- Further details be provided on Capita Group's sale of Capita Treasury Solutions Limited (operating as Captia Asset Services) to the Link Group
- Appendix 1 to the report – due for an update as part of the budget process and consideration would need to be given to the maximum limits
- Appendix C to the report – PWLB rates would have to be monitored, in particular with the investment in leisure

RESOLVED (Unanimously):

That the report be noted.

#### **44 Budget Management Report as at 31 December 2017**

The Committee considered a report of the Deputy S151 Officer on the third quarter of the Council's overall financial position. This forecast the projected outturn to 31<sup>st</sup> March 2018 in comparison to the 2017/18 original budget.

The approved revenue budget set by the Council in February 2017 was £13.182m, with a budgeted transfer from general balances of £0.300m.

At the commencement of the meeting the Deputy S151 Officer informed the meeting that under Property Lease in the report the one-off charge in 2017/18 and the ongoing annual increase in rental should read £9,000.

During the discussion the Committee commented on areas which included –

- Of the Staffing saving (under the Revenue Expenditure) of £261k only £161k was on a recurring basis with the remainder met from staffing savings through vacancies, general turnover and reduced hours
- The forecast rental income was £42k lower than the original budget forecast for the year
- An increase in planning application fee income of at least £180k was forecast for the full year however this was based on the current assumption of upcoming major applications received and therefore was not certain and subject to variation
- Congratulated the Building Control Team which have achieved higher income than forecast

- Returns on investments and comparatives for the previous reporting period
- Additional income (car parking) was forecast to be achieved by the end of the financial year
- Business Rates Retention (BRR)
- Main capital projects which have been re-phased into 2018/19 (in line with the Corporate Plan)
- Net City Deal payments
- Further details be provided on the re-phased scheme into 2018/19 in respect of St Mary's churchyard wall, Penwortham

RESOLVED (Unanimously):

That the report be noted.

#### **45 External Audit - Update Report/Closure of Annual Accounts 2017/18 - plans to achieve the new deadline**

The Committee considered a report of the Deputy S151 Officer on the progress of the preparation for the closure of accounts 2017/18 following the request of the Governance Committee in November 2017. The report also presented the external audit Progress Report and Sector Update from Grant Thornton along with their Certification Letter for the Housing Benefit Subsidy claim.

The Committee was informed that the internal plan would take us to 31 May 2018 when the Council had to produce the accounts together with the working papers which would be approved by the responsible Finance Officer. Ultimately external audit would then formally commence the work on the accounts from 1 June 2018. External audit would undertake preliminary audit work (ie risk analysis) prior to this.

The Chair welcomed Mark Heap and Simon Hardman from the Council's External Auditors, Grant Thornton.

The External Auditors presented their progress report and provided a brief explanation on the Sector Update.

The progress report included information relating to the following:

- Financial Statements Audit
- Value for Money
- Details of workshops/network events
- Meeting the deadlines (challenges, completion of the VfM conclusion work, response timeframe etc)

In respect of looking at the requirements of the General Data Protection Regulation (GDPR), it was reported that a number of officers were working on this and further details would be provided to the Committee.

RESOLVED (Unanimously):

That the report, the Shared Financial Services Closure of Accounts Timetable (Appendix A to the report), the contents of the external auditor's progress and update (Appendix B to the report) and the contents of the external auditor's Certification Letter (Appendix C to the report) be noted.

#### **46 2nd Internal Audit Interim Report as at 29th December 2017**

The Committee considered a report of the Head of Shared Assurance Services on the progress made on the South Ribble and Shared Services Internal Audit Plans for the period August 2017 to December 2017.

In respect of further details of the Risk Register/Plan relating to South Ribble City Deal it was reported that this would be circulated to the Committee.

RESOLVED (Unanimously):

That the report be noted.

#### **47 Member and Officer Protocol**

The Committee considered a report of the Interim Corporate Improvement Manager on the draft Member and Officer Protocol.

The interim Corporate Improvement Manager informed the meeting that Unison had been involved in the development of the protocol and their responses to this had been circulated to the Committee.

During the discussion the Committee commented on areas which included –

- Consideration should be given to making the protocol more specific in respect of members' sanctions
- The wording be looked at in relation to consultation with ward representatives on major issues (ie practices of planning applications)
- Policy/management of confidential information should be made clearer
- Clarification/ratification of draft minutes of Cabinet/Committees to full Council
- Issue of criticism/legitimate challenge of Cabinet Members questioned at full Council

RESOLVED (Unanimously):

That –

1. the draft Member and Officer Protocol shown at Appendix 1 to the report be agreed and that this now be recommended to Council for approval.
2. it be recommended to Council that all members of the Council and all Tier 1 – 4 officers and any other officers whose posts are politically restricted be required to sign the Protocol to signify their acceptance of its contents and their commitment to their adherence to the Protocol.
3. it be recommended to Council that the Member and Officer Protocol becomes a formal part of the Council's revised Constitution.

#### **48 Minutes Protocol**

The Committee considered a report of the Legal Services Manager / Interim Monitoring Officer on the protocol for the production of the minutes of meetings of

the Council, Cabinet and various Committees, to be used by the staff in the Democratic Services Team.

There was a general consensus amongst members that the protocol should be supported.

The Committee was informed that once the document had been finalised this would be publicised on Councillor Connect and forwarded to all members.

RESOLVED (Unanimously):

That the Minutes Protocol be noted.

#### **49 Appeals Committee - Terms of Reference**

The Committee considered a report of the Legal Services Manager / Interim Monitoring Officer on the proposed Appeals Committee Terms of Reference.

RESOLVED (Unanimously):

That the draft Appeals Committee Terms of Reference at Appendix A to the report be agreed and that this now be recommended to Council for approval.

#### **50 My Neighbourhood Area Procedure Rules & Terms of Reference**

The Committee considered a report of the Legal Services Manager / Interim Monitoring Officer on the proposed the proposed My Neighbourhood Area Procedure Rules and Terms of Reference.

RESOLVED (Unanimously):

That the My Neighbourhood Area Procedure Rules and Terms of Reference be agreed and that this now be recommended to Council for approval.

Chair

Date

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| REPORT TO            | ON            |
|----------------------|---------------|
| Governance Committee | 18 April 2018 |

External Audit Annual



| TITLE  | REPORT OF   |
|--|---|
| External Audit Progress Report and Sector Update | Deputy Chief Executive (Resources & Transformation) |

|                              |    |
|------------------------------|----|
| Is this report confidential? | No |
|------------------------------|----|

## 1. PURPOSE OF THE REPORT

This report provides the Governance Committee with information from the Council's external auditors, Grant Thornton, on progress in delivering their responsibilities. The paper, attached at Appendix A, also includes:

- a summary of emerging national issues and developments that may be relevant to local authority; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider

## 2. RECOMMENDATIONS

That members note the contents of the external auditors report (Appendix A).

## 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

|   |   |
|---|---|
| Excellence and Financial Sustainability | ✓ |
| Health and Wellbeing                    |   |
| Place                                   |   |

Projects relating to People in the Corporate Plan:

|        |  |
|--------|--|
| People |  |
|--------|--|

## 4. DETAILS

Each year the council's auditors, Grant Thornton, are required to present a report on progress and plans in relation to the audit of the council's statutory accounts and other audit related matters. The attached progress report includes information in relation to the following:

- 2017/18 statutory audit and VFM update
- certification of claims and returns
- accounts audit plan 2017/18
- update on technical and local authority matters

The update on technical matters has been discussed within the council and arrangements are in place to ensure there is full compliance with the changes outlined in the new codes of practice.

## 5. WIDER IMPLICATIONS AND BACKGROUND DOCUMENTATION

### 5.1 Comments of the Statutory Finance Officer

The attached report is for information only and therefore there are no direct financial implications. The changes in the codes of practice as set out in the report are however being fully considered and will be reflected in future statements of accounts to ensure full compliance with the new requirements.

### 5.2 Comments of the Monitoring Officer

There are no legal implications arising as the report is essentially for information.

|  |   |
|--|---|
| <p><b>Other implications:</b></p> <ul style="list-style-type: none"> <li>▶ Risk</li> <li>▶ Equality &amp; Diversity</li> <li>▶ HR &amp; Organisational Development</li> <li>▶ Property &amp; Asset Management</li> <li>▶ ICT / Technology</li> </ul> | <p>This is a progress report and update to the Governance committee and therefore there are no direct implications.</p> |
|--|---|

## 6. BACKGROUND DOCUMENTS

Appendix A: Audit Progress Report and Sector Update (Grant Thornton)

SMT Member's Name: Lisa Kitto

Job Title: Deputy Chief Executive (Resources & Transformation)

|                |                 |          |
|----------------|-----------------|----------|
| Report Author: | Telephone:      | Date:    |
| Jane Blundell  | 01772<br>625245 | 04/04/18 |

# Audit Progress Report and Sector Update

South Ribble Borough Council  
Year ending 31 March 2018

March 2018



# Contents

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# Introduction

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## **Mark Heap**

### **Engagement Lead**

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## **Simon Hardman**

### **Engagement Manager**

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This paper provides the Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk).

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at 22 March 2018

## Financial Statements Audit

We continue to prepare for the 2017/18 financial statements audit and have issued a detailed audit plan, setting out our proposed approach to the audit of the Council's 2017/18 financial statements.

We commenced our interim audit in January 2018. Our interim fieldwork visit includes:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

We are pleased to report that there are currently no matters that we need to raise with the Governance Committee in relation to our work.

The statutory deadline for the issue of the 2017/18 opinion is brought forward by two months to 31 July 2018. We are continuing to discuss our plan and timetable with officers.

The final accounts audit is due to begin on 1 June with findings reported to you in the Audit Findings Report by the earlier deadline of July 2018.

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

We have completed our initial risk assessment to determine our approach and report this to you in our Audit Plan.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2018.

## Other areas

### Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2017/18 claim will be concluded by November 2018.

The results of the certification work are reported to you in our certification letter.

### Meetings

We are meeting with the finance team on a monthly basis to discuss emerging developments and to ensure the audit process is smooth and effective. We also meet with your Chief Executive to discuss the Council's strategic priorities and plans.

### Events

We provide a range of workshops, along with network events for members and publications to support the Council. Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

# Audit Deliverables

| 2017/18 Deliverables   | Planned Date  | Status   |
|--|---------------|--|
| <b>Fee Letter</b><br>Confirming audit fee for 2017/18.   | April 2017    | Complete   |
| <b>Accounts Audit Plan</b><br>We are required to issue a detailed accounts audit plan to the Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2017-18 financial statements. | March 2018    | Complete and will be presented to the April 2018 Governance Committee. |
| <b>Interim Audit Findings</b><br>We will report to you the findings from our interim audit if required and our initial value for money risk assessment through our audit plan.   | March 2018    | Work continuing  |
| <b>Audit Findings Report</b><br>The Audit Findings Report will be reported to the July Governance Committee.   | July 2018     | Not yet due  |
| <b>Auditors Report</b><br>This is the opinion on your financial statement, annual governance statement and value for money conclusion.   | July 2018     | Not yet due  |
| <b>Annual Audit Letter</b><br>This letter communicates the key issues arising from our work.   | August 2018   | Not yet due  |
| <b>Annual Certification Letter</b><br>This letter reports any matters arising from our certification work carried out under the PSAA contract.   | December 2018 | Not yet due  |

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# Sector Update

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Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Governance Committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

# Public Sector Audit Appointments: Report on the results of auditors' work 2016/17

This is the third report on the results of auditors' work at local government bodies published by PSAA. It summarises the results of auditors' work at 497 principal bodies and 9,752 small bodies for 2016/17. The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers.

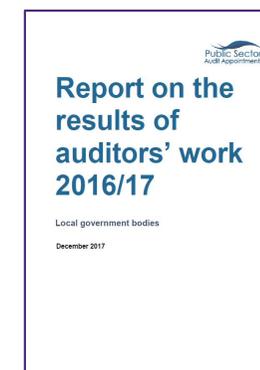
The timeliness and quality of financial reporting for 2016/17, as reported by auditors, remained broadly consistent with the previous year for both principal and small bodies. Compared with 2015/16, the number of principal bodies that received an unqualified audit opinion by 31 July showed an encouraging increase. 83 principal bodies (17 per cent) received an unqualified opinion on their accounts by the end of July compared with 49 (10 per cent) for 2015/16. These bodies appear to be well positioned to meet the earlier statutory accounts publication timetable that will apply for 2017/18 accounts.

Less positively, the proportion of principal bodies where the auditor was unable to issue the opinion by 30 September increased compared to 2015/16. Auditors at 92 per cent of councils (331 out of 357) were able to issue the opinion on the accounts by 30 September 2017, compared to 96 per cent for the previous year. This is a disappointing development in the context of the challenging new reporting timetable from 2017/18. All police bodies, 29 out of 30 fire and rescue authorities and all other local government bodies received their audit opinions by 30 September 2017.

The number of qualified conclusions on value for money arrangements has remained relatively constant at 7 per cent (30 councils, 2 fire and rescue authorities and 1 other local government body) compared to 8 per cent for 2015/16. The most common reasons for auditors issuing non-standard conclusions on the 2016/17 accounts were:

- the impact of issues identified in the reports of statutory inspectorates;
- corporate governance issues; and
- financial sustainability.

The latest results of auditors' work on the financial year to 31 March 2017 show a solid position for the majority of principal local government bodies. Generally, high standards of financial reporting are being maintained despite the financial and service delivery challenges currently facing local government.



# Changes to the prudential framework of capital finance

The Ministry of Housing Communities and Local Government has updated the Local Authority Investments Guidance and the Minimum Revenue following its publication of consultation responses on 2 February 2018.

A total of 213 consultation responses were received by the MHCLG by the 22 December 2017 deadline from across local government. Following consideration of the responses the Government has:

- made some technical changes to the Investments Guidance and MRP Guidance
- amended proposals relating to useful economic lives of assets
- implemented the Investments Guidance for 2018-19, but allowed flexibility on when the additional disclosure first need to be presented to full Council
- deferred implementation of MRP Guidance to 2019-20 apart from the guidance “Changing methods for calculating MRP”, which applies from 1 April 2018.

Key changes are noted below.

## Statutory Guidance on Local Authority Investments

**Transparency and democratic accountability** – the revised guidance retains the requirement for an Investment Strategy to be prepared at least annually and introduces some additional disclosures to improve transparency. However, as the changes to the CIPFA Prudential Code include a new requirement for local authorities to prepare a Capital Strategy, the revised guidance allows the matters required to be disclosed in the Investment Strategy to be disclosed in the Capital Strategy.

**Principle of contribution** – the consultation sought views on the introduction of a new principle requiring local authorities to disclose the contribution that non-core investments make towards core functions. Authorities’ core objectives include ‘service delivery objectives and/or placemaking role.’ This clarification has been made to recognise the fact that local authorities have a key role in facilitating the long term regeneration and economic growth of their local areas and that they may want to hold long term investments to facilitate this.

**Introduction of a concept of proportionality** – the Government is concerned that some local authorities may become overly dependent on commercial income as a source of revenue for delivering statutory services. The consultation sought views on requiring local authorities to disclose their dependence on commercial income to deliver statutory services and the amount of borrowing that has been committed to generate that income. A majority of respondents supported the introduction of a concept of proportionality, recognising the importance that local authorities make decisions based on an understanding of the overall risk that they face.

**Borrowing in advance of need** – by bringing non-financial investments (held primarily or partially to generate a profit) within the scope of the Investments Guidance, the consultation proposals made it clear that borrowing to fund acquisition of non-financial assets solely to generate a profit is not prudential. The Investment Guidance requires local authorities who have borrowed in advance of need solely to generate a profit to explain why they have chosen to disregard statutory guidance. It is also important to note that nothing in the Investment Guidance or the Prudential Code overrides statute, and local authorities will still need to consider whether any novel transaction is lawful by reference to legislation.

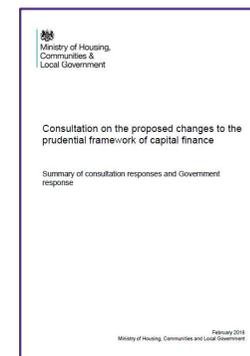
## Minimum Revenue Provision Guidance

The consultation sought views on proposals to update the guidance relating to MRP to ensure local authorities are making prudent provision for the repayment of debt.

**Meaning of a charge to the revenue account** – the Government does not believe that crediting the revenue account is either prudent or within the spirit of the approach set out in the relevant Regulations. For this reason a charge to the account should not be a negative charge.

**Impact of changing methods of calculating MRP** – the Government does not expect any local authority to recalculate MRP charged in prior years due to the proposed changes in methodology.

**Introduction of a maximum economic life of assets** – the consultation sought views on setting a maximum useful economic life of 50 years for freehold land and 40 years for other assets. The MRP Guidance will set a maximum life of 50 years, but allow local authorities to exceed this where the related debt is PFI debt with a longer term than 50 years, or where a local authority has an opinion from an appropriately qualified person that an operational asset will deliver benefits for more than 50 years.



## Changes to capital finance framework

### Challenge question:

Is the Council prepared for the changes to the prudential framework of capital finance?

# CIPFA publications - The Prudential Code and Treasury Management Code

CIPFA have published an updated 'Prudential Code for Capital Finance in Local Authorities'. Key developments include the introduction of more contextual reporting through the requirement to produce a capital strategy along with streamlined indicators.

The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within this clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable.

Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003, in Scotland under Part 7 of the Local Government in Scotland Act 2003, and in Northern Ireland under Part 1 of the Local Government Finance Act (Northern Ireland) 2011.

Since the Prudential Code was last updated in 2011, the landscape for public service delivery has changed significantly following the sustained period of reduced public spending and the developing localism agenda. It reflects the increasing diversity in the sector and new structures, whilst providing for streamlined reporting and indicators to encourage better understanding of local circumstances and improve decision making.

The introduction of a capital strategy allows individual local authorities to give greater weight to local circumstances and explain their approach to borrowing and investment. The Code is available in hard copy and online.



CIPFA have also published an updated Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The Code provides a framework for effective treasury management in public sector organisations.

The Code defines treasury management as follows:

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

It is primarily designed for the use of local authorities (including police and crime commissioners and fire authorities), providers of social housing, higher and further education institutions, and the NHS. Local authorities in England, Scotland and Wales are required to 'have regard' to the Code.

Since the last edition of the TM Code was published in 2011, the landscape for public service delivery has changed significantly following the sustained period of reduced public spending and the developing localism agenda.

There are significant treasury management portfolios within the public services, for example, as at 31 March 2016, UK local authorities had outstanding borrowing of £88bn and investments of £32bn

The Code is available in hard copy and online.

## CIPFA Publication

### Challenge question:

Is the Council prepared for the changes to the prudential framework of capital finance?



# Supply Chain Insights tool helps support supply chain assurance in public services

## Grant Thornton UK LLP has launched a new insights and benchmarking platform to support supply chain assurance and competitor intelligence in public services.

The Supply Chain Insights service is designed for use by financial directors and procurement professionals in the public sector, and market leaders in private sector suppliers to the public sector. It provides users with a detailed picture of contract value and spend with their supply chain members across the public sector. The analysis also provides a robust and granular view on the viability, sustainability, market position and coverage of their key suppliers and competitors.

The platform is built on aggregated data from 96 million invoices and covers £0.5 trillion of spending. The data is supplemented with financial standing data and indicators to give a fully rounded view. The service is supported by a dedicated team of analysts and is available to access directly as an on-line platform.

Phillip Woolley, Partner, Grant Thornton UK LLP, said:

"The fall-out from the recent failure of Carillion has highlighted the urgent need for robust and ongoing supply chain monitoring and assurance. Supply Chain Insights provides a clear picture of your suppliers' activities across the sector, allowing you to understand risks, capacity and track-record. We think it's an indispensable resource in today's supplier market."

### The tool enables you to immediately:

- access over 96 million transactions that are continually added to
- segment invoices by:
  - organisation and category
  - service provider
  - date at a monthly level
- benchmark your spend against your peers
- identify:
  - organisations buying similar services
  - differences in pricing
  - the leading supplier
- see how important each buyer is to a supplier
- benchmark public sector organisations' spend on a consistent basis
- see how much public sector organisations spend with different suppliers

Supply Chain Insights forms part of the Grant Thornton Public Sector Insight Studio portfolio of analytics platforms.

Click on Supply Chain Insights for more information.

## Supply Chain Insights

Grant Thornton

Challenge question:

Has your Authority considered how our Supply Chain Insight tool can help support your supply chain assurance?



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# Links

## Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<http://www.grantthornton.co.uk/en/insights/through-a-local-lens-solace-summit-2017/>

<http://www.grantthornton.co.uk/en/insights/combined-authorities-signs-of-success/>

<http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>

<http://www.grantthornton.co.uk/en/insights/commercial-healthcheck-in-local-authorities/>

<http://www.cfoinsights.co.uk/>

<http://supplychaininsights.grantthornton.co.uk/>

## PSAA website links

<https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

## MHCLG website links

<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>

<https://www.gov.uk/government/publications/capital-finance-guidance-on-local-government-investments-second-edition>

<https://www.gov.uk/government/publications/capital-finance-guidance-on-minimum-revenue-provision-third-edition>

## CIPFA website link

<http://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2017-edition-book>

## National Audit Office link

<https://www.nao.org.uk/report/the-adult-social-care-workforce-in-england/>



| REPORT TO            | ON            |
|----------------------|---------------|
| Governance Committee | 18 April 2018 |

External Audit Annual



| TITLE                       | REPORT OF   |
|-----------------------------|---|
| External Audit Plan 2017/18 | Deputy Chief Executive (Resources & Transformation) |

|                              |    |
|------------------------------|----|
| Is this report confidential? | No |
|------------------------------|----|

## 1. PURPOSE OF THE REPORT

Grant Thornton will present their report on the planned scope and timing of the statutory audit for the year ending 31 March 2018.

## 2. RECOMMENDATIONS

That members note the contents of the external auditors report (Appendix A).

## 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

|   |   |
|---|---|
| Excellence and Financial Sustainability | ✓ |
| Health and Wellbeing                    |   |
| Place                                   |   |

Projects relating to People in the Corporate Plan:

|        |  |
|--------|--|
| People |  |
|--------|--|

## 4. DETAILS

The attached includes information in relation to the following:

- Respective responsibilities
- Deep business understanding
- Risks identified
- Materiality levels
- Value for Money (VFM) arrangements
- Resourcing, timescales and Audit Fees
- Early Closure requirements

## 5. WIDER IMPLICATIONS AND BACKGROUND DOCUMENTATION

### 5.1 Comments of the Statutory Finance Officer

In January, the Committee considered a report of the Deputy s151 Officer on the progress of the preparation for the closure of accounts for 2017/18. The Committee was informed that the internal plan would take us to the deadline of 31 May 2018 for when the Council had to produce the Statement of Accounts together with the working papers which would be approved by the Statutory Finance Officer. The external audit would then formally commence the main work on the accounts from 1 June 2018.

The final statutory deadline for the publication of the 2017/18 Accounts with the external audit opinion and certificate is 31 July 2018.

### 5.2 Comments of the Monitoring Officer

There are no legal implications arising as the report is essentially for information.

|  |  |
|--|--|
| <p><b>Other implications:</b></p> <ul style="list-style-type: none"><li>▶ Risk</li><li>▶ Equality &amp; Diversity</li><li>▶ HR &amp; Organisational Development</li><li>▶ Property &amp; Asset Management</li><li>▶ ICT / Technology</li></ul> | <p>The attached report is for information only and therefore there are no direct implications.</p> |
|--|--|

## 6. BACKGROUND DOCUMENTS

Appendix A: External Audit Plan – Year ending 31 March 2018 (Grant Thornton)

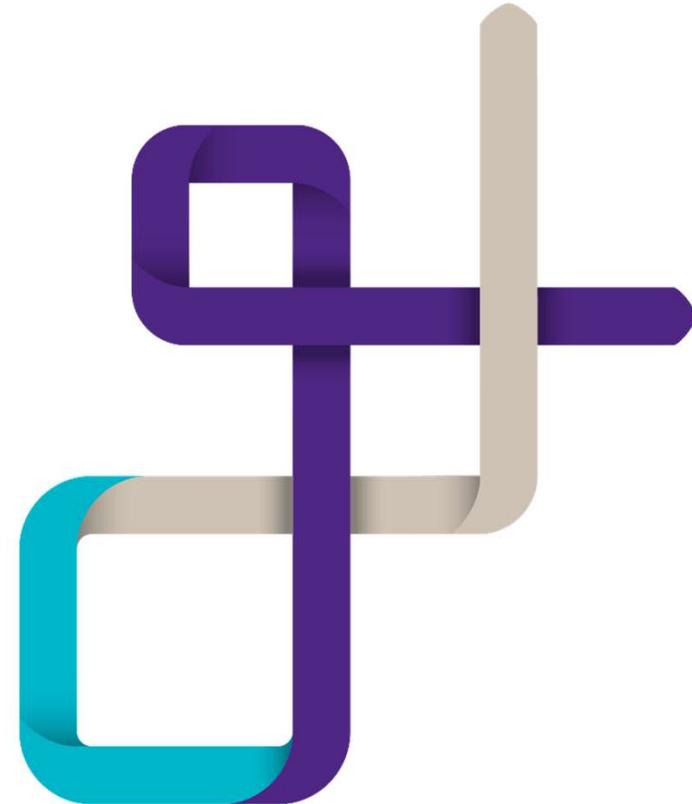
SMT Member's Name: Lisa Kitto

Job Title: Deputy Chief Executive (Resources & Transformation)

|                |                 |          |
|----------------|-----------------|----------|
| Report Author: | Telephone:      | Date:    |
| Jane Blundell  | 01772<br>625245 | 04/04/18 |

# External Audit Plan

*Year ending 31 March 2018*



# Contents



## Your key Grant Thornton team members are:

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## Section

|  |    |
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## Appendices

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction & headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of South Ribble Borough Council ('the Council') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of South Ribble Borough Council. We draw your attention to both of these documents on the [PSAA website](#).

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- financial statements (including the Annual Governance Statement) that have been prepared by management with the oversight of those charged with governance (the Governance committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Page 27

## Significant risks

Those risks requiring specific audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of pension fund net liability
- Valuation of property, plant and equipment (PPE)

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £850,000 (PY £888,000), which equates to 2% of estimated gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £43,000 (PY £44,000).

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- financial management including the Council's medium term financial planning arrangements and the role of s151 Officer
- following up the governance issues that resulted in the qualified VFM Conclusion in the previous two years.

## Audit logistics

Our interim work is taking place between January to March 2018 and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report.

Our fee for the audit will be no less than £43,923. The fee compares to the 2016-17 fee of £43,923.

## Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

# Deep business understanding

## Changes to service delivery

### Commercialisation

The scale of investment activity, primarily in commercial property, has increased as local authorities seek to maximise income generation. These investments are often discharged through a company, partnership or other investment vehicle. Local authorities need to ensure that their commercial activities are presented appropriately, in compliance with the CIPFA Code of Practice and statutory framework, such as the Capital Finance Regulations. Where borrowing to finance these activities, local authorities need to comply with CIPFA's Prudential Code. The new version of the Code was published in December 2017.

### Shared services

The Council is going through the process of looking to extend its shared services arrangements with Chorley Borough Council. Such arrangements have been relatively common in district councils, where they look to benefit from the economies of scale.

Critical success factors include:

- Maintaining good relationships with the other parties
- Having clear roles and responsibilities
- Being able to compromise so to meet changing needs

The success of the new arrangements is important for the Council as it looks to ensure long-term financial sustainability

## Changes to financial reporting requirements

### Accounts and Audit Regulations 2015 (the Regulations)

The Department of Communities and Local Government (DCLG) is currently undertaking a review of the Regulations, which may be subject to change. The date for any proposed changes has yet to be confirmed, so it is not yet clear whether they will apply to the 2017/18 financial statements.

Under the 2015 Regulations local authorities are required to publish their accounts along with the auditor's opinion by 31 July 2018.

### Changes to the CIPFA 2017/18 Accounting Code

CIPFA has introduced other minor changes to the 2017/18 Code, which confirm the going concern basis for local authorities, and updates for leases, service concession arrangements and financial instruments.

We discuss all relevant changes to the Code regularly with the Council's finance team and also at our annual Chief Accountant's workshops.

## Key challenges

### Financial sustainability

Similar to other local authorities, South Ribble Council continues to look at different ways to make savings or generate further income. The Council's Medium Term Financial Strategy (MTFS) highlights that challenges remain .

In the MTFS the Council highlights that there is a forecast budget gap by 2020/21 of £1.3m.

The Council is planning to close this gap through a combination of: measures including

- Transformation and shared service savings
- Council Tax increases
- Planned use of balances

### Management restructure

In November 2017 the Council voted for the implementation of a new management structure and the continued development of the close working relationship with Chorley Borough Council. Since November the plans have continued to be developed including those relating to shared services.

Implementing such a restructure provides the Council with challenges and it is important that such challenges are met to ensure the structure is in place as quickly as possible to support the delivery of services.

The Council also set out the ambition to create a culture of continual improvement which will help the new structure succeed in delivering high-quality services.

## Our response

- We will keep you informed of changes to the Regulations and any associated changes to financial reporting or public inspection requirements for 2017/18 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2017/18 CIPFA Code
- We will consider whether your financial position leads to uncertainty about the going concern assumption and will review any related disclosures in the financial statements.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- During our audit we will consider how the Council has responded to the recommendations raised in our 2017/18 Audit Findings Report, which was presented to the Governance Committee in September 2017.

# Significant risks identified

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration because they have a higher risk of material misstatement. Such risks often relate to significant non-routine transactions and judgmental matters. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood.

| Risk   | Reason for risk identification   | Key aspects of our proposed response to the risk  |
|--|--|---|
| <p><b>The revenue cycle includes fraudulent transactions</b></p> | <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>  | <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including South Ribble Borough Council, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore we do not consider this to be a significant risk for South Ribble Borough Council.</p> |
| <p><b>Management over-ride of controls</b></p>                   | <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>Management over-ride of controls is a risk requiring special audit consideration.</p> | <p>We will:</p> <ul style="list-style-type: none"> <li>• gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness</li> <li>• obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness</li> <li>• evaluate the rationale for any changes in accounting policies or significant unusual transactions.</li> </ul>   |

# Significant risks identified

| Risk   | Reason for risk identification  | Key aspects of our proposed response to the risk   |
|--|---|--|
| <p><b>Valuation of property, plant and equipment and investment property</b></p> | <p>The Council revalues its land and buildings on a quinquennial basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.</p> <p>We identified land and buildings revaluations and impairments as a risk requiring special audit consideration.</p> | <p>We will:</p> <ul style="list-style-type: none"> <li>review management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>give consideration of the competence, expertise and objectivity of any management experts used</li> <li>discuss with the valuer the basis on which the valuation is carried out and challenge the key assumptions.</li> <li>review and challenge the information used by the valuer to ensure it is robust and consistent with our understanding.</li> <li>test revaluations made during the year to ensure they are input correctly into the Council's asset register</li> <li>evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.</li> </ul> |
| <p><b>Valuation of pension fund net liability</b></p>                            | <p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>   | <p>We will:</p> <ul style="list-style-type: none"> <li>identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement</li> <li>evaluate the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out</li> <li>undertake procedures to confirm the reasonableness of the actuarial assumptions made.</li> <li>check the consistency of the pension fund asset and liability position and disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul>  |

# Reasonably possible risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

| Risk                         | Reason for risk identification   | Key aspects of our proposed response to the risk   |
|------------------------------|--|--|
| <b>Employee remuneration</b> | <p>Payroll expenditure represents a significant percentage of the Council's operating expenses.</p> <p>As the payroll expenditure comes from a number of individual transactions and an interface with a sub-system there is a risk that payroll expenditure in the accounts could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit attention</p> | <p>We will</p> <ul style="list-style-type: none"> <li>• evaluate the Council's accounting policy for recognition of payroll expenditure for appropriateness</li> <li>• gain an understanding of the Council's system for accounting for payroll expenditure and evaluate the design of the associated controls</li> <li>• obtain year-end payroll reconciliation and ensure the amount in the accounts can be reconciled to the ledger and through to payroll reports. Investigate significant adjusting items</li> <li>• agree any material payroll related accruals to supporting documents and review any estimates for reasonableness</li> </ul> |
| <b>Operating expenses</b>    | <p>Non-pay expenses on other goods and services also represents a significant percentage of the Council's operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.</p> <p>We identified completeness of non-pay expenses as a risk requiring particular audit attention:</p>   | <p>We will</p> <ul style="list-style-type: none"> <li>• evaluate the Council's accounting policy for recognition of non-pay expenditure for appropriateness;</li> <li>• gain an understanding of the Council's system for accounting for non-pay expenditure and evaluate the design of the associated controls; and</li> <li>• obtain a listing of non-pay payments made in April, take a sample and ensure that they have been charged to the appropriate year.</li> </ul>   |

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# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued and consistent with our knowledge of the Council.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

We consider our other duties under the Act and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your 2017/18 financial statements, consider and decide upon any objections received in relation to the 2017/18 financial statements;
  - issue of a report in the public interest; and
  - making a written recommendation to the Council, copied to the Secretary of State.
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

## Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements. Appendix 1 to the plan contains further information on the changes to the auditing standards linked to going concern.

## Group audit scope and risk assessment

In accordance with ISA (UK) 600, we are required to obtain sufficient appropriate audit evidence regarding the financial information of an entity's components and the consolidation process. As in previous years we do not expect group accounts to be prepared by South Ribble, however we will confirm this once we have received and reviewed the Council's consideration of any potential group relationships.

# Materiality

## The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Materiality for planning purposes

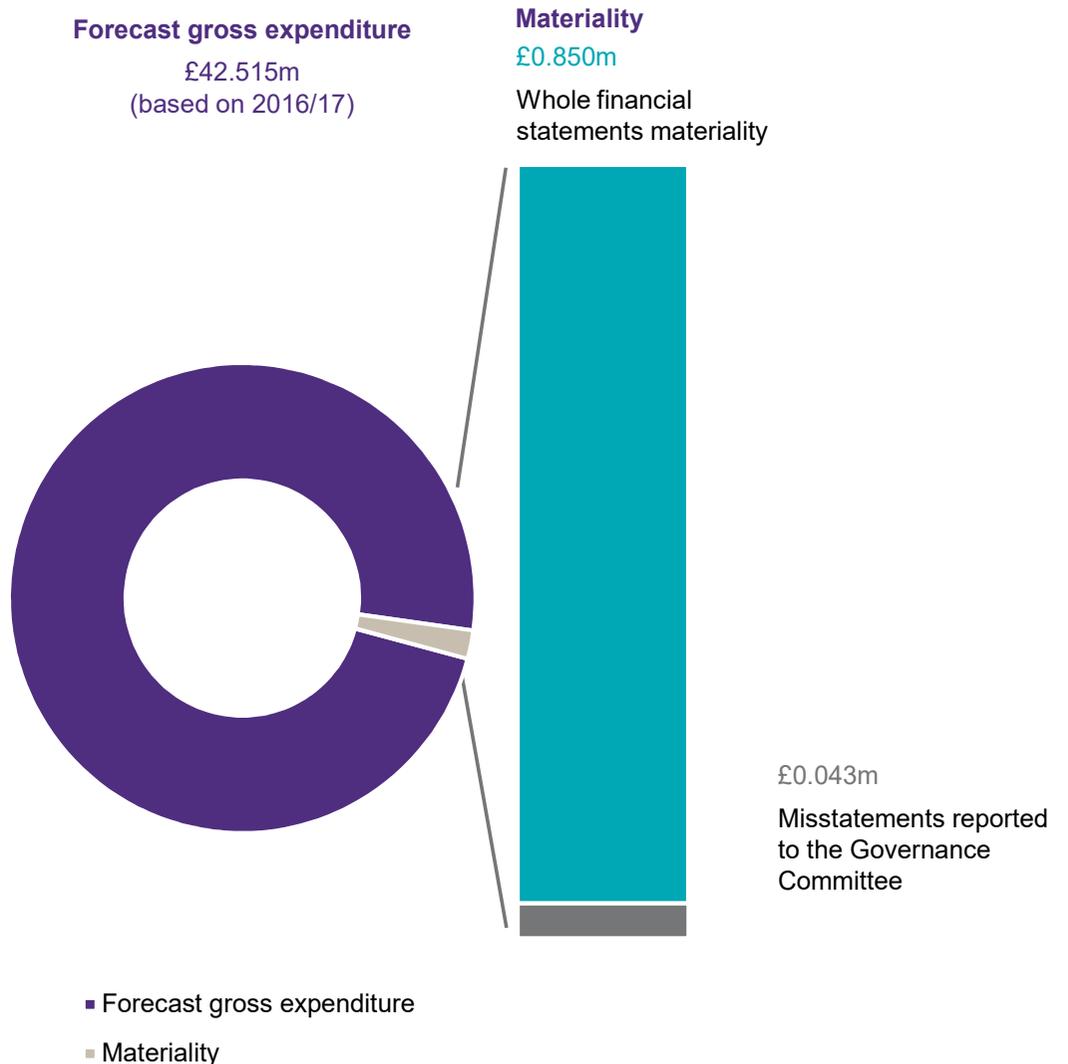
We propose to calculate financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. We have determined planning materiality (the financial statements materiality determined at the planning stage of the audit) to be £850,000 (PY £888,000), which equates to 2% of your forecast gross expenditure for the year, which we have based on last year's accounts. We design our procedures to detect errors in specific accounts at a lower level of precision.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality

## Matters we will report to the Governance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £43,000 (PY £44,000).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Governance Committee to assist it in fulfilling its governance responsibilities.



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# Setting Materiality – Materiality for Sensitive Items

## Identifying transactions requiring a separate materiality level

Alongside calculating an overall materiality level to inform our audit of the financial statements, auditing standards require auditors to determine separate lower materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole, could reasonably be expected to influence the economic decisions of users'.

We have determined that a separate materiality level should be adopted in the following areas:

**Related party transactions** - the Council conducts its business using public funds. The Related Party disclosures ensure that the Council discloses in full any transactions that have occurred with related parties. This ensures that the Council is open about who it does business with and counters any allegations or suspicion of nepotism on the part of management or those charged with governance. .

**Disclosures of officers' remuneration and salary bandings in the notes to the financial statements** - due to public interest in these disclosures and the statutory requirement for them to be made.

We will confirm the materiality for these items once the financial statements have been provided.

# Value for Money arrangements

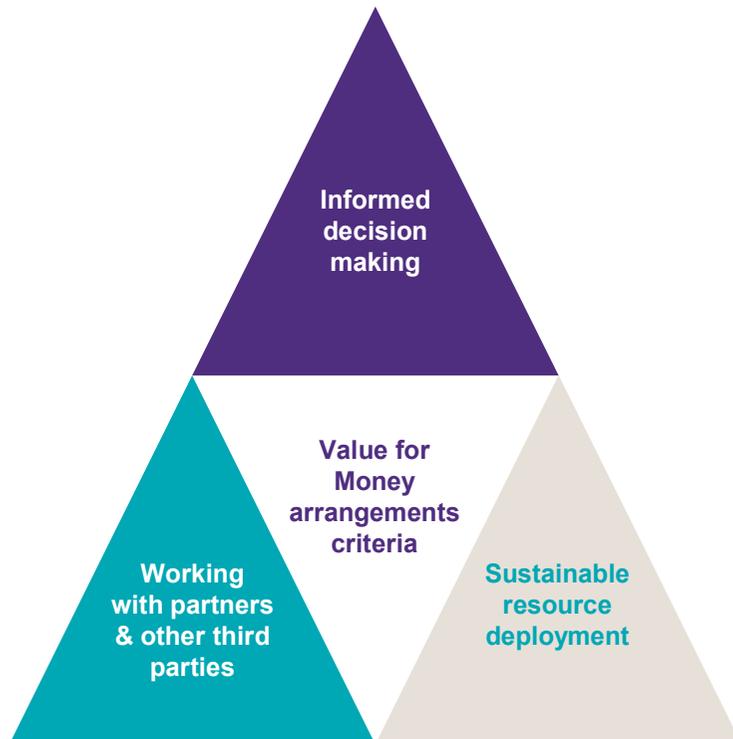
## Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

*“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”*

This is supported by three sub-criteria, as set out below:



## Significant VFM risks

Those risks requiring specific audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money.



### Financial Planning and Management

There remain financial challenges over the next few years which the Council needs to meet. There is a risk that financial planning and management will not be adequate to meet those challenges.

We will review the arrangements the Council has in place to manage and plan its finances over the short and medium term. We will do this by considering the Council's arrangements in place to develop financial plans and how it reports its financial position. We will also consider the role of the s151 Officer at the Council by comparing the role to CIPFA guidance on the role of the Chief Finance Officer.



### Governance challenges

For the year ended 31 March 2017 we qualified our VFM Conclusion due to the failings in the Council's procedures, including a major corporate governance failure, which resulted in significant damage to the Council's reputation.

We will review the progress made by the Council in responding to the governance challenge by consideration of further external reviews; review of the Improvement Reference Group and discussions with key officers.

We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's report.

# Audit logistics, team & audit fees



## Audit team

The key members of the audit team are:

- Mark Heap, Engagement Lead
- Simon Hardman, Engagement Manager
- Richard Watkinson, In-charge Auditor

## Audit fees

The planned audit fees are no less than £43,923 for the financial statement audit. The fee compares to the 2016-17 scale and actual fee of £43,923. The scale fee for our grant certification work is £7,128 (PY: £6,968). Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited. Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

In setting your fee, we have assumed that the scope of the audit, and the Council and its activities, do not significantly change.

## Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

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# Early close

## Meeting the early close timeframe

Bringing forward the statutory date for publication of audited local government accounts to 31 July this year, across the whole sector, is a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts is curtailed, while, as auditors we have a shorter period to complete our work and face an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

## Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 12). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

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# Independence & non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2016 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

## Non-audit services

We have not delivered any non-audit services South Ribble Borough Council.

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# Appendices

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A. Revised ISAs

# Appendix A: Revised ISAs

Detailed below is a summary of the key changes impacting the auditor's report for audits of financial statement for periods commencing on or after 17 June 2016.

| Section of the auditor's report                                  | Description of the requirements  |
|--|--|
| <b>Conclusions relating to going concern</b>                     | We will be required to conclude and report whether: <ul style="list-style-type: none"><li>• The directors use of the going concern basis of accounting is appropriate</li><li>• The directors have disclosed identified material uncertainties that may cast significant doubt about the Council's ability to continue as a going concern.</li></ul>   |
| <b>Material uncertainty related to going concern</b>             | We will need to include a brief description of the events or conditions identified that may cast significant doubt on the Council's ability to continue as a going concern when a material uncertainty has been identified and adequately disclosed in the financial statements.<br>Going concern material uncertainties are no longer reported in an Emphasis of Matter section in our audit report.                      |
| <b>Other information</b>   | We will be required to include a section on other information which includes: <ul style="list-style-type: none"><li>• Responsibilities of management and auditors regarding other information</li><li>• A statement that the opinion on the financial statements does not cover the other information unless required by law or regulation</li><li>• Reporting inconsistencies or misstatements where identified</li></ul> |
| <b>Additional responsibilities for directors and the auditor</b> | We will be required to include the respective responsibilities for directors and us, as auditors, regarding going concern.   |
| <b>Format of the report</b>                                      | The opinion section appears first followed by the basis of opinion section.  |



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| REPORT TO            | ON            |
|----------------------|---------------|
| Governance Committee | 18 April 2018 |



| TITLE  | REPORT OF             |
|--|-----------------------|
| Internal Audit Plan 2018/19 and Internal Audit Charter | G Barclay / D Highton |

## 1. PURPOSE OF THE REPORT

- 1.1 To remind members of the respective roles of managers and Internal Audit to maintain a sound system of governance and internal control within the Council.
- 1.2 To seek the Governance Committee's approval of the 2018/19 Internal Audit Plan and Internal Audit Charter

## 2. RECOMMENDATIONS

- 2.1 That the Committee approves the 2018/19 Internal Audit Plan and Internal Audit Charter

## 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

|   |   |
|---|---|
| Excellence and Financial Sustainability | √ |
| Health and Wellbeing                    |   |
| Place                                   |   |

Projects relating to People in the Corporate Plan:

|        |  |
|--------|--|
| People |  |
|--------|--|

## 4. THE ROLES OF MANAGEMENT AND INTERNAL AUDIT

- 4.1 The responsibility for implementing a strong system of governance and internal control within the Council lies primarily with management. Directors need to ensure that they maintain effective control procedures not least because services and business systems are subject to on-going change.
- 4.2 Internal Audit is an independent appraisal function whose prime objective is to evaluate and report on the adequacy of the Council's system of governance, risk and internal control. This is largely achieved through an annual programme of reviews.

## 5. AUDIT PLAN

- 5.1 The 2018/19 Internal Audit Plan contains the programme of reviews for the next financial year and is shown at **Appendix 1**. This has been constructed following an assessment of audit need by considering a range of factors, such as significant changes in staffing, systems and procedures, the length of time since an area was last audited and items in the Corporate Plan and Corporate Risk Register. There has also been consultation with the Chief Executive, Directors and Extended Leadership Team.
- 5.2 The following paragraphs summarise the areas that will be subject to audit coverage in 2018/19.

### **South Ribble Council**

#### Corporate

- Undertaking corporate and service level governance reviews in support of the Annual Governance Statement.
- Raising Officers' and Members' awareness of fraud by publishing regular fraud bulletins and update of Anti-Fraud and Corruption Policies.
- Co-ordinating the Council's input to the Cabinet Office National Fraud Initiative (NFI) 2018 exercise for in order to identify any potential irregularities.

#### Audit of Systems

- Licensing
- Performance Management Information
- Project Management
- Council Tax
- Non Domestic Rates
- Housing Benefits
- Sundry Debtors
- ICT Review
- Health and Safety
- Refuse Collection & Recycling Contract
- My Neighbourhoods Financial Arrangements
- Property Repairs & Maintenance
- Commercial Properties

#### Project Team Membership

- General Data Protection Regulations
- Health, Leisure and Wellbeing
- City Deal
- Investment Strategy
- Housing Development

### **Shared Services**

- Treasury Management
- Payroll
- Creditors
- Main Accounting
- Cash and Bank

## South Ribble Council & Shared Services - General Areas

- Completing any residual work outstanding from 2017/18.
- System administrator responsibilities for both risk (GRACE) and Business Continuity (CONNIE).
- Following up management actions agreed in earlier audit reports.
- Responding to requests from management for unplanned reviews / investigations.
- Preparing reports for and attending the Governance Committee.

### 6. AUDIT DAYS

- 6.1 The Internal Audit Plan for 2018/19 is based on a resource of **340 audit days for South Ribble Council and 140 days for the Shared Service**. This is the number of chargeable days available within the existing budget (after deducting annual leave and other non-chargeable time). It comprises of a mix of in-house and bought-in resources from Lancashire Audit Services (Lancashire County Council).

### 7. INTERNAL AUDIT CHARTER

- 7.1 From 1st April 2013, the CIPFA Code of Practice for Internal Audit in Local Government 2006 was replaced by new UK Public Sector Internal Audit Standards (PSIAS).
- 7.2 The Attribute Standard of the PSIAS "*Purpose, Authority and Responsibility*" specifically requires the production of an Internal Audit Charter and for it to be periodically reviewed. The Charter was last formally reviewed and approved by the Governance Committee in March 2014 and as the Internal Audit Service is due for its Peer Review in April 2018, it is appropriate to review the Charter before this time to ensure it is fit for purpose and compliant with the PSIAS.
- 7.3 The Internal Audit Charter has been reviewed against the requirements contained within the PSIAS and is included at **Appendix 2**.

### 8 IMPLICATIONS

- 8.1 This report has implications for all service areas within the Council.

### 9 APPENDICES

Appendix 1 – Internal Audit Plan 2018/19  
Appendix 2 – Internal Audit Service Charter

Garry Barclay  
Head of Shared Assurance Services

|                |                 |              |
|----------------|-----------------|--------------|
| Report Author: | Telephone:      | Date:        |
| Dawn Highton   | 01772<br>625251 | 9 April 2018 |

## DRAFT INTERNAL AUDIT PLAN 2018/9

| Assignment  | Rating   | Days | Input        | Risk/Scope  |
|---|----------|------|--------------|---|
| <b>SOUTH RIBBLE COUNCIL</b>   |          |      |              |   |
| <b>CORPORATE</b>  |          |      |              |   |
| Annual Governance Statement   | N/A      | 20   | Audit        | Production of action plan   |
| Anti-Fraud & Corruption   | N/A      | 10   | Advisory     | Policy updates, fraud alerts, etc.  |
| National Fraud Initiative (NFI)   | N/A      | 15   | Facilitation | 2018-19 full data matching exercise   |
| <b>RESOURCES &amp; TRANSFORMATION</b>   |          |      |              |   |
| <b>Legal, Democratic &amp; HR Services</b>  |          |      |              |   |
| GDPR Implementation   | N/A      | 5    | Project Team | Risk management support   |
| Licensing   | MAJOR    | 15   | Audit        | Administration & enforcement (System & personnel changes)                             |
| Payroll / HR System   | CRITICAL | 5    | Audit        | Additional data testing following system implementation                               |
| <b>Policy, Communications, Customer, Digital &amp; Strategic Asset Management</b> |          |      |              |   |
| Performance Management Information  | CRITICAL | 10   | Audit        | KPI sample checking   |
| Project Management  | CRITICAL | 15   | Audit        | Revised framework & use of inphase.   |
| Council Tax   | CRITICAL | 10   | Audit        | Key financial system  |
| NNDR  | CRITICAL | 10   | Audit        | Key financial system  |
| Housing Benefits  | CRITICAL | 10   | Audit        | Key financial system  |
| Sundry Debtors  | CRITICAL | 10   | Audit        | Key financial system  |
| ICT Review  | CRITICAL | 15   | Audit        | TBD following ICT Audit risk analysis   |
| <b>REGENERATION &amp; GROWTH</b>  |          |      |              |   |
| <b>Neighbourhoods &amp; Development</b>   |          |      |              |   |
| Health and Safety   | CRITICAL | 10   | Audit        | Review of new framework & policies & procedures.                                      |
| Health, Leisure & Wellbeing Campus  | N/A      | 5    | Project Team | Risk management support   |
| Refuse Collection & Recycling Contract  | CRITICAL | 10   | Audit        | Compliance with current contract  |
| My Neighbourhoods Financial Arrangements  | MAJOR    | 10   | Audit        | Length of time since last review. (2013/14)   |
| <b>Planning &amp; Property</b>  |          |      |              |   |
| Property Repairs & Maintenance  | MAJOR    | 15   | Audit        | Post implementation review of new arrangements following consultants review           |
| Commercial Properties   | MAJOR    | 15   | Audit        | Length of time since last review. (2013/14) & pending expansion of property portfolio |

|                                  |          |            |              |  |
|----------------------------------|----------|------------|--------------|--|
| City Deal                        | N/A      | 5          | Project Team | Risk management support  |
| Investment Strategy              | N/A      | 5          | Project Team | Risk management support  |
| Housing Development              | N/A      | 5          | Project Team | Risk management support  |
| <b>GENERAL AREAS</b>             |          |            |              |  |
| Residual Work from 2017/8        | N/A      | 20         | Audit        | Finalising 17/18 reports   |
| Risk Management                  | N/A      | 20         | Facilitation | GRACE administrator responsibilities<br>& generic risk management support<br>CONNIE administrator responsibilities<br>& generic BC support |
| Business Continuity              | N/A      | 30         | Facilitation |  |
| Post Audit Reviews               | N/A      | 10         | Audit        | Follow up of agreed actions  |
| Contingency                      | N/A      | 15         | Audit        | Unplanned reviews / investigations   |
| Governance Committee             | N/A      | 15         | Facilitation | Prep & attending Governance committee  |
| <b>TOTAL</b>                     |          | <b>340</b> |              |  |
| <b>SHARED SERVICES</b>           |          |            |              |  |
| <b>SHARED FINANCIAL SERVICES</b> |          |            |              |  |
| Treasury Management              | CRITICAL | 20         | Audit        | Key financial system   |
| Payroll                          | CRITICAL | 20         | Audit        | Key financial system   |
| Creditor                         | CRITICAL | 20         | Audit        | Key financial system   |
| Main Accounting                  | CRITICAL | 20         | Audit        | Key financial system   |
| Cash and Bank                    | CRITICAL | 20         | Audit        | Key financial system   |
| <b>GENERAL AREAS</b>             |          |            |              |  |
| Residual Work from 2017/18       | N/A      | 15         | Audit        | Finalising 17/18 reports   |
| Risk Management                  | N/A      | 5          | Facilitation | GRACE administrator responsibilities<br>& generic risk management support  |
| Post Audit Reviews               | N/A      | 10         | Audit        | Follow up of agreed actions  |
| Contingency                      | N/A      | 10         | Audit        | Unplanned reviews / investigations   |
| <b>TOTAL</b>                     |          | <b>140</b> |              |  |

## South Ribble Council – Internal Audit Service Charter

### Introduction / Purpose

Internal Auditing is an independent and objective assurance and consulting activity that is designed to add value and improve the operations of South Ribble Council. It assists the Council in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

### Professionalism

The Internal Audit Service will govern itself by adherence to the mandatory Public Sector Internal Audit Standards (PSIAS). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the Internal Audit Service's performance.

In addition, the Internal Audit Service will adhere to South Ribble Council's relevant policies and procedures and the Internal Audit Service's standard operating procedures manual.

For the purposes of clarity, the terms "Board" and "Senior Management" as referred to in the PSIAS, relate to the Governance Committee and the Leadership Team respectively.

### Authority

The Internal Audit Service, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the Internal Audit Service in fulfilling its roles and responsibilities. The Internal Audit Service will also have free and unrestricted access to the Governance Committee.

### Organisation

Internal Audit is organisationally independent in the planning, operation and reporting of its work and in exceptional circumstances and at his or her discretion, the Chief Audit Executive (CAE) has direct access to and freedom to report in his or her name to the Chief Executive and to the Chair of Governance Committee. In addition the CAE has direct access to all members of the Leadership Team.

The CAE will report to the S151 Officer and if required, will also have direct access to the Chief Executive and beyond that to the Chair of the Governance Committee.

The CAE will communicate and interact directly with the Leadership Team, including in formal meetings and between meetings as appropriate.

## Independence and Objectivity

The Internal Audit Service will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The CAE will confirm to the Governance Committee, at least annually, the organisational independence of the Internal Audit Service.

In any instances where there is any real or perceived impairment to Internal Audit's independence or objectivity, assurance will be sought from a third party external to the organisation.

## Responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by Internal Audit include:

- Consistency of operations or programs with established objectives and goals and effective performance
- Effectiveness and efficiency of operations and employment of resources
- Compliance with significant policies, plans, procedures, laws, and regulations
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information.
- Safeguarding of assets

Internal Audit is responsible for evaluating all processes ('audit universe') of the Council including governance processes and risk management processes.

Internal Audit may perform consulting and advisory services related to governance, risk management and control as appropriate for the Council. It may also evaluate specific operations at the request of the Governance Committee or management, as appropriate.

Based on its activity, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Governance Committee and to Leadership Team, including fraud risks and governance issues.

The Internal Audit Section will undertake special investigations in cases of suspected fraud or irregularity. Financial Procedure Rules and the Council's Anti-Fraud and Corruption Policy require the CAE to be notified immediately of all discovered or suspected cases of fraud, corruption or other financial irregularity.

The CAE provides an annual internal audit opinion to the Governance Committee based on the outcomes of internal work conducted throughout the year, that key risks are being managed effectively and that appropriate controls are in place. This opinion will be an important element of the council's review of the effectiveness of its control environment and will be used by the council to inform its Annual Governance Statement.

## Internal Audit Plan

At least annually, the CAE will submit to the Governance Committee an Internal Audit Plan for review and approval, including risk assessment criteria. The Internal Audit Plan will include timing as well as resource requirements for the next financial year. The CAE is responsible for maintaining a suitably resourced, professional audit staff with sufficient knowledge, skills and experience to carry out the audit plan and will communicate the impact of resource limitations and significant interim changes to Leadership Team and the Governance Committee.

The Internal Audit Plan will be developed based on a prioritization of the audit universe using a risk based methodology, including input of Leadership Team and the Governance Committee. Prior to submission to the Governance Committee for approval, the Plan may be discussed with appropriate Senior Management. Any significant deviation from the approved Internal Audit Plan will be communicated through the periodic activity reporting process.

## Reporting and Monitoring

A written report will be prepared and issued by the CAE following the conclusion of each Internal Audit engagement and will be distributed as appropriate. Internal Audit results will also be communicated to the Governance Committee. The Internal Audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response will include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The Internal Audit Service will be responsible for appropriate follow-up of findings and recommendations. All significant findings will remain in an open issues file until cleared.

## Periodic Assessment

The CAE is responsible also for providing periodically a self-assessment on the Internal Audit Service as regards its consistency with the Audit Charter (purpose, authority and responsibility) and performance relative to its Plan.

In addition, the CAE will communicate to Leadership Team and the Governance Committee on the Internal Audit Service's quality assurance and improvement programme, including results of ongoing internal assessments and external assessments conducted at least every five years.

**Internal Audit Service Charter approved this 18<sup>th</sup> April 2018**

.....  
**Chief Audit Executive**

.....  
**Chair of the Governance Committee**

| REPORT TO            | ON            |
|----------------------|---------------|
| Governance Committee | 18 April 2018 |

September 2017



| TITLE                     | REPORT OF                         |
|---------------------------|-----------------------------------|
| Risk Management Framework | Head of Shared Assurance Services |

|                              |    |
|------------------------------|----|
| Is this report confidential? | No |
|------------------------------|----|

## 1. PURPOSE OF THE REPORT

1.1 The Council introduced its first framework document for addressing risk management in July 2001. Since then considerable progress has been made in embedding risk management disciplines throughout the Council.

1.2 This ninth update reflects some further, recent improvements that have been made and demonstrates how the Council is continuing to ensure that the management of risk remains at the centre of its day-to-day work.

## 2. RECOMMENDATIONS

2.1 That members consider, comment on and approve the adoption of the updated Risk Management Framework.

## 3. CORPORATE PRIORITIES

3.1 The report relates to the following corporate priorities.

|   |   |
|---|---|
| Excellence and Financial Sustainability | √ |
| Health and Wellbeing                    |   |
| Place                                   |   |

Projects relating to People in the Corporate Plan:

|        |  |
|--------|--|
| People |  |
|--------|--|

## 4. BACKGROUND TO THE REPORT

4.1 During 2017/8 the Shared Assurance Service procured and implemented the GRACE (Governance, Risk Assessment & Control Evaluation) system for use within both South Ribble and Chorley Councils. Its main purpose was to facilitate a modern, risk-based approach to internal auditing by engaging service departments in the self-assessment of their own process/system risks via the completion of on-line risk registers prior to the commencement of the audit process.

4.2 Following extensive officer training, the scope of the GRACE system has since been (and is continuing to be) expanded to enable the completion of risk registers at all levels within each organisation including the Corporate Risk Register, Service Risk Registers and those in relation key projects, procurements and partnerships.

4.3 This has therefore fundamentally changed the methods of recording, monitoring and reporting on risk within the Council and for that main reason it has become necessary to update the Risk Management Framework document which is appended to this report.

4.4 A Member Learning Hour was held on the 26<sup>th</sup> March to provide members with the chance to consider and comment on the draft Risk Management Framework prior to being presented to Governance Committee for approval. The feedback was extremely positive with no suggestions for amendment except for the need to acknowledge and incorporate opportunities as well as risks within the Framework document. This has now been addressed.

4.5 The Risk Management Framework will continue to be kept under review to take account of changing legislation, government initiatives, best practice and experience gained within the Council. Any future amendments will be recommended for approval by members.

## 5. WIDER IMPLICATIONS

### 5.1 Comments of the Statutory Finance Officer

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the authority. The Shared Assurance Service have reviewed and updated the Council's risk management framework as part of its role in providing assurance to the Statutory Finance Officer. Risk management controls have been developed in conjunction with senior managers. Risk management assurance will also be published in the Annual Governance Statement.

### 5.2 Comments of the Monitoring Officer

Clearly it is important that the council has a robust risk management framework in place. The identification of key risks and the putting in place of appropriate mitigation measures is essential. This potentially can help to ensure – in certain circumstances - that we avoid legal liability or any form of reputational damage.

## 6. BACKGROUND DOCUMENTS

Risk Management Framework 2018 (attached)

**Garry Barclay**  
**Head of Shared Assurance Services**

|                               |                              |               |
|-------------------------------|------------------------------|---------------|
| Report Authors                | Telephone:                   | Date:         |
| Garry Barclay<br>Dawn Highton | 01772 625272<br>01257 515468 | April<br>2018 |

## SOUTH RIBBLE BOROUGH COUNCIL - RISK MANAGEMENT FRAMEWORK

### 1. RISK MANAGEMENT: OBJECTIVES

1.1 We are exposed to risk both in terms of threats to service provision and from missed opportunities. It is essential that we can demonstrate to our residents that we are fully considering the implications of risk as we plan and deliver services to the community.

1.2 Like all organisations, the Council exists to achieve its objectives which are set out in our Corporate Plan. Risk management can help us achieve these goals by fully considering the opportunities and barriers that we may encounter. Our aim is to use strategic risk management as a tool for continuous improvement and to make effective use of the Council's resources.

1.3 In addition the Council must also ensure operation and delivery of services, the health and safety of its service users, employees and the public at large. This Risk Management Framework supports continuing change including partnership working and alternative methods of service delivery and provides a structured and focused approach to managing them.

**1.4 Risk management is the logical and systematic method of identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that enables organisations to minimise losses, maximise opportunities and achieve their objectives.**

1.5 The Council is prepared to take judicious risks to achieve its corporate objectives and enhance the value of the services it provides to the community. Its aims are to:

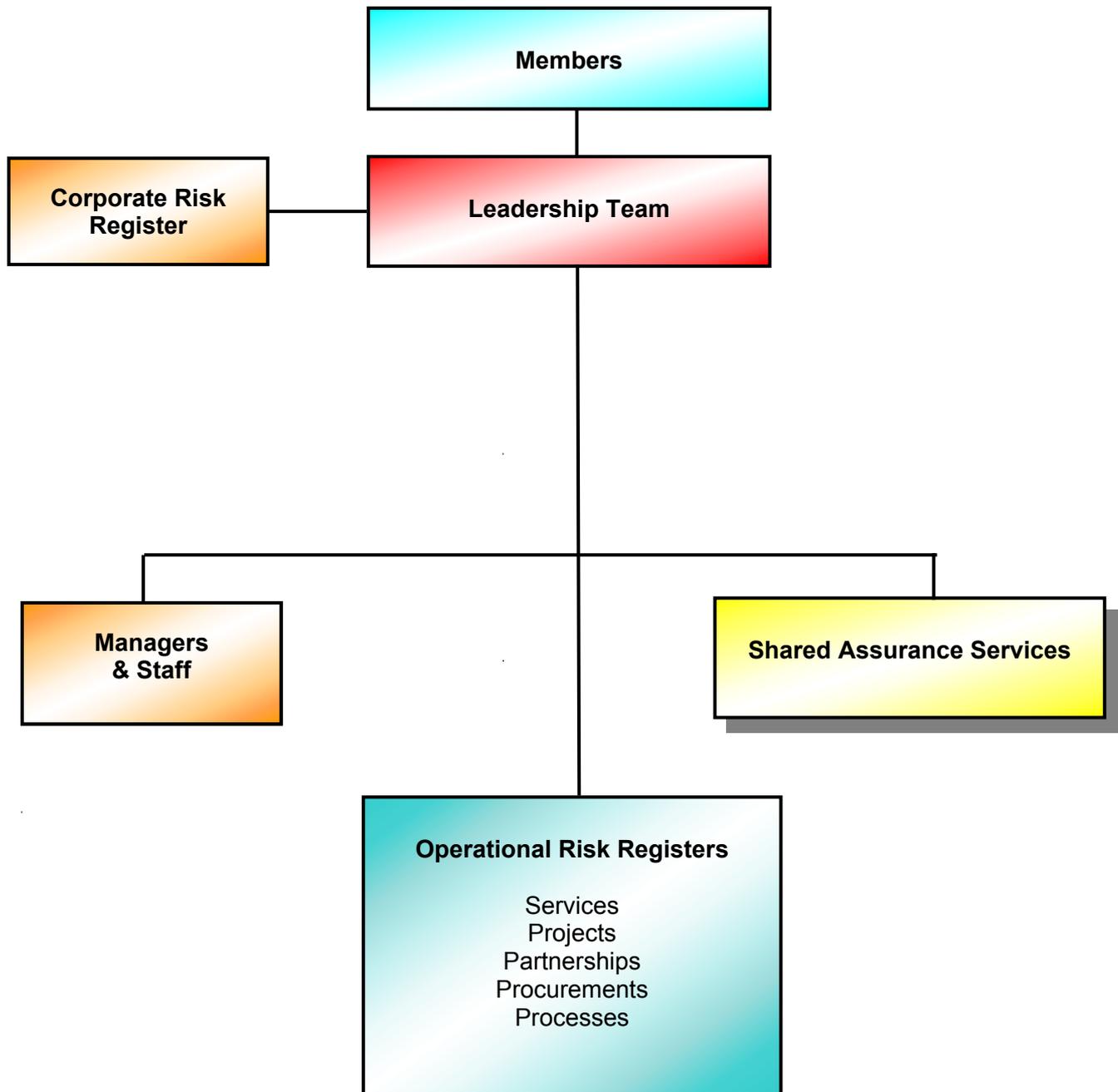
- Ensure risk management is integrated into the culture of the Council.
- Ensure appropriate risk taking is encouraged, particularly to respond to opportunities arising.
- Anticipate and respond to changing social, environmental and legislative needs, pressures or constraints, as well as changes in the internal environment.
- Manage risk in accordance with best practice including integration with performance and financial management including partnership arrangements.
- Improve performance and efficiency and in particular minimise injury, damage and losses and make effective use of resources.
- Protect the Council's assets, reputation and operational capacity.

1.6 These aims will be achieved by:

- Maintaining clear roles, responsibilities and reporting lines for risk management.
- Raising awareness of the need for risk management by all those connected with the Council's delivery of services.
- Gaining commitment from all members and employees, to ensure risk is managed within a consistent framework.
- Ensuring that risk management is explicitly considered in all decision making by, incorporating links to all key decision points e.g. committee reports, delegated decisions, project management and partnership agreements.
- Considering risk in all the Council's key planning processes.
- Providing opportunities for shared learning on risk management across the Council and with our business partners.
- Reinforcing the importance of effective risk management as part of the everyday work of members and employees.
- Providing adequate assurance for the management of risk to support the Annual Governance Statement.

## 2. RISK MANAGEMENT: ORGANISATIONAL STRUCTURE

2.1 The following table outlines the organisational structure for risk management across the Council:



## 3. ROLES & RESPONSIBILITIES FOR RISK MANAGEMENT

3.1 The various roles and responsibilities for risk management within the Council are attached at Appendix 1.

#### 4. RISK RECORDING & MONITORING

4.1 The GRACE (Governance, Risk Assessment & Control Evaluation) system has been adopted for use within the Council to enable the completion of risk registers at all levels including the Corporate Risk Register, Service Risk Registers and those in relation key projects, key procurements, partnerships and processes.

4.2 The Corporate Risk Register is owned and maintained by Leadership Team and is kept under continuous review.

4.3 Operational risk registers are assigned to specific Directors and Senior Managers who will have overall responsibility for their maintenance on the GRACE system. They will in turn allocate individual risks to Risk Owners who must decide upon and monitor appropriate actions.

4.4 The specific information to be recorded within GRACE is as follows:

**Risk Categories** – risks should be assigned to one of the categories listed below:

- **Strategic** – risks impacting upon the achievement of the corporate objectives and priorities;
- **Financial** – risks associated with financial planning and control;
- **Human Resources** – risks associated with recruiting, retaining and motivating staff & developing skills;
- **Environmental** – risks related to pollution, noise or energy efficiency;
- **Information** – risks related to information held;
- **Legal / regulatory** – risk relating to legal / regulatory requirements;
- **Operational** – risks relating to operational activity;
- **Partnership / Contractual** – risk relating to the failure of partners / contractors or the contract itself;
- **Physical** – risk related to fire, security, accident prevention & health and wellbeing;
- **Reputational** – risk relating to the reputational risk to the council;
- **Technological** – risks associated with technology.

**Risk Description** – this requires an understanding of the legal, social, political and cultural environment in which the Council operates as well as a sound understanding of the Council’s corporate and operational objectives i.e. those factors, which are critical to the success of the Council, as well as threats and opportunities.

**Inherent Risk Score** - having identified areas of potential risk they need to be systematically and accurately assessed. The process requires managers to make an assessment of the likelihood and potential impact of a risk event occurring and scored according to the following matrix:

| The Risk Matrix   |          |          |           |           |
|-------------------|----------|----------|-----------|-----------|
| <b>Impact</b>     | <b>4</b> | <b>8</b> | <b>12</b> | <b>16</b> |
|                   | <b>3</b> | <b>6</b> | <b>9</b>  | <b>12</b> |
|                   | <b>2</b> | <b>4</b> | <b>6</b>  | <b>8</b>  |
|                   | <b>1</b> | <b>2</b> | <b>3</b>  | <b>4</b>  |
| <b>Likelihood</b> |          |          |           |           |

|                   |  |
|-------------------|--|
| <b>Likelihood</b> | <b>4:</b> Almost certain the event will occur                |
|                   | <b>3:</b> There is a strong possibility the event will occur |
|                   | <b>2:</b> Unlikely the event will occur                      |
|                   | <b>1:</b> Rarely   |
| <b>Impact</b>     | <b>4:</b> Major impact                                       |
|                   | <b>3:</b> Serious impact                                     |
|                   | <b>2:</b> Minor impact                                       |
|                   | <b>1:</b> Insignificant impact                               |

**Risk Owner** – a nominated person who is responsible for evaluating and responding to any individual risks allocated to them.

**Existing Control Measures** – any controls or measures that reduce the likelihood or impact of a risk.

**Residual Risk Score** – this risk score which takes account of any existing control measures in place (see above matrix).

**Target Risk Score** – in broad terms there are four main options for responding to risks which remain within the organisation.

**Terminate** - this involves the Council in terminating the cause of the risk or, opting not to take a current or proposed activity because it believes it is too risky.

**Tolerate** - this is where the cost of action outweighs the benefit that results from the proposed action. Alternatively no further action can be taken and the risk is accepted with any potential financial loss being highlighted.

**Transfer** - this involves transferring liability for the consequences of an event to another body. This can occur in two forms. Firstly legal liability may be transferred to an alternative provider under contractual arrangements for service delivery. Secondly, transferring some or all of the financial risk to external insurance companies may reduce the costs associated with a damaging event.

**Treat** - this is dependent on implementing projects or procedures that will minimise the likelihood of an event occurring or limit the severity of the consequences should it occur.

The target risk score therefore may be the same or lower than the residual risk score and reflects the level of risk the Risk Owner is willing to accept (see above matrix).

**Risk Actions** – where further treatment of the risk is deemed necessary then the Risk Owner will determine the course of action to be taken. The action to manage risk needs to be appropriate, achievable and affordable. The impact expected if no action is taken should be considered against the cost of action and the reduction of the impact. For opportunities, the benefit gained in relation to the cost of action should be considered.

## **5. RISK REPORTING**

5.1 The Corporate Risk Register is continuously monitored by the Council's Leadership Team and reported to Cabinet and Scrutiny Committee quarterly alongside the Performance Report.

5.2 Service Risk Registers and those in relation key projects, procurements, partnerships and processes are monitored by Directors.

5.3 GRACE has also enabled a modern risk-based approach to internal auditing by engaging service departments in the self-assessment of their own system risks via the completion of on-line risk registers prior to the commencement of audits. System/process risks are reported as part and parcel of ongoing Internal Audit work.

5.4 Finally, all Committee reports, Cabinet decisions taken under delegated powers and corporate projects, including partnership agreements include the consideration and control of the risks associated with the actions proposed.

## **6. RISK MANAGEMENT: REVIEWING PERFORMANCE**

6.1 Individual risks are reviewed in accordance with GRACE parameters depending upon the level of risk:

Red risks – 3 months

Amber risks – 6 months

Green risks – 12 months.

6.2 The overall risk management system is reviewed by Internal Audit as part of their annual audit work plan.

6.3 In accordance with the Public Sector Internal Auditing Standards the Chief Internal Audit Executive's Annual Report is required to provide an opinion based on an objective assessment of the framework of governance, risk management and control.

6.4 Risk management assurance will also be published in the Council's Annual Governance Statement.

## **Roles and Responsibilities**

**The Council** will approve the Constitution including the system of corporate governance which incorporates risk management arrangements.

**Shared Assurance Services** in line with their responsibilities for the Council's corporate governance arrangements will lead the risk management initiative and 'champion' risk management throughout the Council.

**The Governance Committee** will, in accordance with the Terms of Reference, continuously review the Risk Management Framework and monitor the effective development and operation of risk management in the Council.

**The Chief Executive** has overall responsibility for risk management at South Ribble Borough Council and in conjunction with the Council's insurers, for supporting risk management by supplying advice and data to Directors.

**The Section 151 Officer** will, through the Internal Audit Service, provide assurance to the Council on the whole system of internal control, including risk management.

**Internal Audit**, as part of its role in providing assurance to the Section 151 officer, will review the implementation and effectiveness of the system of risk management. An annual report will provide independent opinion on the adequacies of risk control and the Council's corporate governance arrangements and also risk management is included within the review of the Annual Governance Statement.

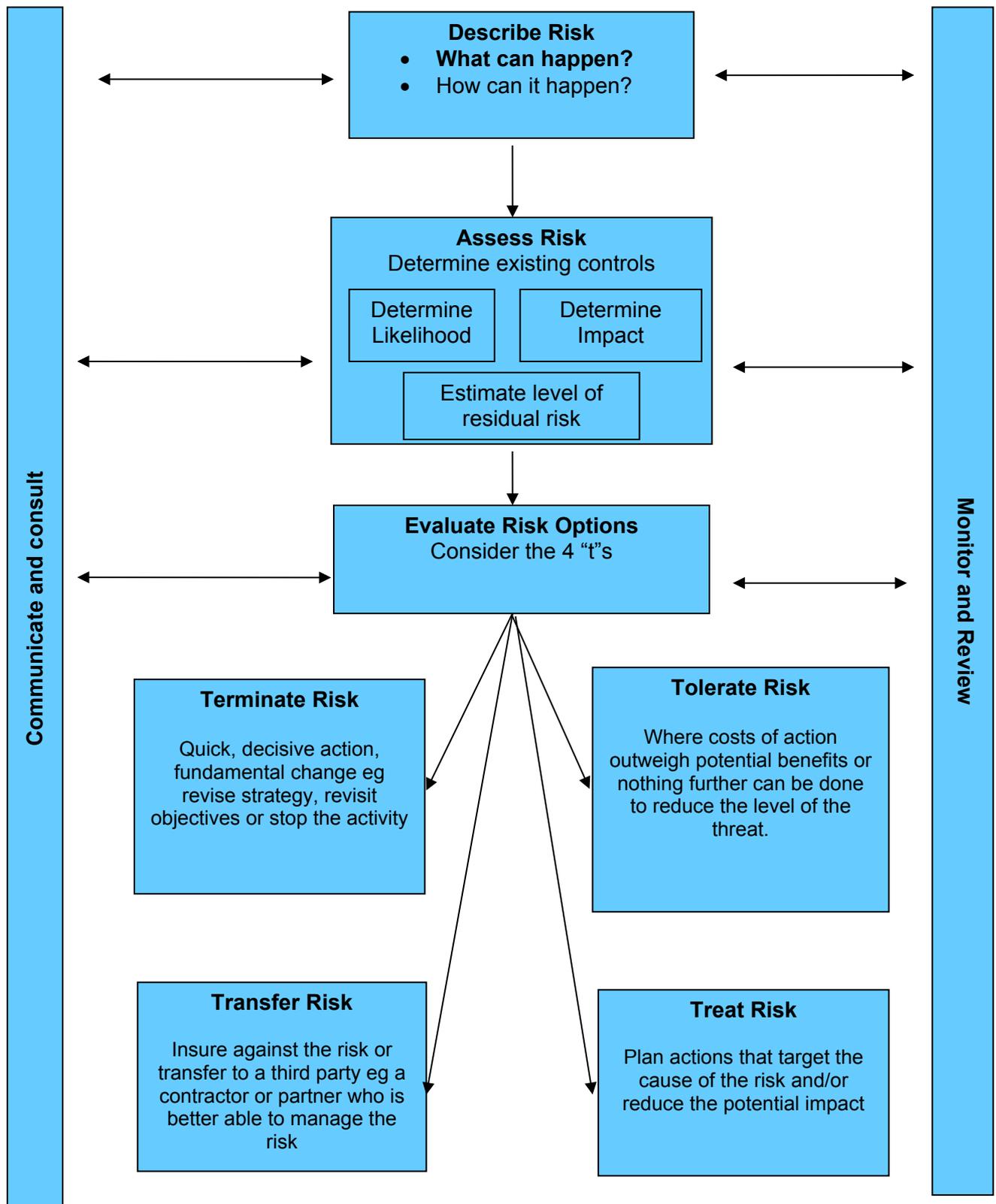
**Leadership Team** will function as the corporate risk management group and will consider and evaluate those risks contained within the Corporate Risk Register, likely to have a significant impact on the Council's objectives. The Corporate Risk Register is continuously monitored by the Council's Leadership Team and reported to **Cabinet and Scrutiny Committee** quarterly alongside the Performance Report.

**Directors** will identify and manage risks in their service areas. With their own teams they will identify and evaluate the risks associated with service improvement and also those risks which may prevent them from achieving their service objectives.

**Project / Procurement Managers** have a responsibility to ensure that the risks associated with their projects / procurements are identified, recorded on GRACE and regularly reviewed as part of the project management process and provide assurance about the management of those risks.

**Partnerships** – the key stakeholders have a responsibility to ensure that risks are identified, owned, recorded on GRACE reviewed and shared with all relevant partners and ultimately to provide assurance that those risks are being managed.

**Employees'** responsibility for managing risk is not restricted to any one person or group of specialists. All employees have a responsibility to manage risk effectively in their job and report opportunities, threats and risks to their Directors and undertake their duties within risk management guidelines. Those officers involved in decision-making should also explicitly consider the implications of risk management and document their findings appropriately.



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| REPORT TO                   | ON                   |
|-----------------------------|----------------------|
| <b>Governance Committee</b> | <b>18 April 2018</b> |

External Audit Annual



| TITLE  | REPORT OF  |
|--|--|
| <b>2017/18 Closure of Accounts – Approval of Accounting Policies to be included in the Statement of Accounts 2017/18</b> | <b>Deputy Chief Executive (Resources &amp; Transformation)</b> |

|                              |           |
|------------------------------|-----------|
| Is this report confidential? | <b>No</b> |
|------------------------------|-----------|

## 1. PURPOSE OF THE REPORT

To present the Statement of Accounting Policies 2017/18 for consideration and approval and provide information on the current and future accounting changes in the Code of Practice on Local Authority Accounting in the United Kingdom.

## 2. RECOMMENDATIONS

2.1 Consider and approve the Statement of Accounting Policies 2017/18 at Appendix A.

## 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities

|   |   |
|---|---|
| Excellence and Financial Sustainability | ✓ |
| Health and Wellbeing                    |   |
| Place                                   |   |

Projects relating to People in the Corporate Plan:

|        |  |
|--------|--|
| People |  |
|--------|--|

## 4. BACKGROUND TO THE REPORT – STATEMENT OF ACCOUNTING POLICIES 2016/17

4.1 The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom defines Accounting Policies as “the specific principles, bases, conventions, rules and practices applied by the Authority in preparing financial statements”. Accounting policies are the cornerstone of an organisation’s financial control environment, bridging the gap between technical accounting literature and business practices, explaining how we apply accounting standards in practice and what discretion we have applied in adopting accounting standards should there be any discretion available.

- 4.2 It is recommended by our External Auditors, considered best practice and in line with proper accounting practices that the proposed accounting policies for the year, which will form part of the published Statement of Accounts, are approved each year by the Governance Committee. Accordingly, presented at Appendix A are the Statement of Accounting Policies for 2017/18. This is only the second time we have approved the Accounting Policies independently of the Statement of Accounts. The Accounting Policies for a financial year were previously contained within, and approved as part of the approval of, the Statement of Accounts.
- 4.3 Accounting standards allow some flexibility in choice of methods that can be applied to a specific class of transactions. However, in order to prevent manipulation, an organisation changing its accounting policy must have a strong reason for any such change. Further, it is required to present its new financial statements as if it followed the newly adopted policy since the day it started business. In other words, accounting standards require any change in accounting policy to be presented with retrospective application. The effect of such application would be that the change will be reflected in past, present and future periods with disclosures in the accounts to show the impact of those changes.
- 4.4 Shared Financial Services review the accounting policies each year to consider if any changes are necessary in light of any changes in working practice, changes in the requirements of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and any new accounting standards adopted.
- 4.5 Changes to the 2017/18 Statement of Accounting Policies are identified as tracked changes in Appendix A. Changes are minor and in summary are as follows:
- Date changes to reflect the current financial year.
  - Date changes to reflect the current version of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.
  - Minor additions to existing policies to improve clarity and understanding.
  - Addition of an accounting policy on Council Tax and Business Rates income as the transactions are material to the Authority's financial statements. This is not a new accounting policy and was previously included within the notes to the Collection Fund but has been added to the main policies at the request of our external auditors.
  - Addition of an accounting policy on Inventories and Long Term Contracts as the transactions could be material to the Authority's financial statements. This is not a new accounting policy and was previously excluded as the transactions were not material.

It should be noted that the accounting policies may be subject to minor amendments between the distribution of this report and the final Statement of Accounts 2017/18, for example as a result of recommendations or findings during the external audit.

## **5. ACCOUNTING CHANGES 2017/18**

- 5.1 The changes required as part of the updated CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 are relatively straightforward when compared to the large number of changes in 2016/17. These changes, and the action required to ensure compliance with the Code were reported to Governance on the 31<sup>st</sup> January 2018 in the report 'External Audit - Update Report/Closure of Annual Accounts 2017/18 - plans to achieve the new deadline'.

## **6. FUTURE CHANGES**

- 6.1 We have been advised about forthcoming changes in the 2018/19 Accounting Code of Practice and those due in subsequent years.

6.2 IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers will be implemented from 2018/19. IFRS 16 Leases will apply from 2019/20. Of these the most significant is likely to be IFRS 16, because all assets acquired under leases will be brought on the council's balance sheet. Currently assets obtained through operating leases are not on the balance sheet and are simply treated as a revenue costs.

6.3 More information will be provided about these changes when the Statement of Accounting Policies for the years in question are brought to Governance Committee.

## **7. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

7.1 No consultation was undertaken in preparing this report. The report purely relates to the technical and statutory accounting requirements for the Statement of Accounts. The Statement of Accounting Policies includes changes requested by external audit as a result of the 2016/17 audit of the Statement of Accounts, changes required to as a result of changes to accounting standards and the CIPFA Code of Practice and changes to aid understanding as a result of a review by the Shared Financial Services Team. Training on the Statement of Accounts, including the Accounting Policies, will be given to Member's at the annual Statement of Accounts Learning Hour.

## **8. FINANCIAL IMPLICATIONS**

8.1 There are no direct financial implications arising as a result of this report. The report purely relates to the technical and statutory accounting requirements for the Statement of Accounts.

## **9. LEGAL IMPLICATIONS**

9.1 The legal implications are in respect of the Accounts and Audit Regulations 2015 and the requirement that the accounts must be compliant with the relevant accounting standards and codes of practice and must be prepared on a true and fair view basis. Failure to comply could result in a failure to meet the statutory duty.

## **10. COMMENTS OF THE STATUTORY FINANCE OFFICER**

10.1 The Statement of Accounting Policies 2017/18 have been reviewed for regulatory compliance. There are no financial implications as the accounting standards are applied in practice. The changes to the accounting policies for the year have been made at the request of the external auditor to ensure a clear policy is present for all material transactions and balances and to aid understanding.

## **11. COMMENTS OF THE MONITORING OFFICER**

11.1 There is not a great deal that needs to be said from a Monitoring officer perspective apart from observing that the Statement of Accounting Policies 2017/2018 have been designed to comply with both relevant regulations and the request of our external auditor.

## 12. OTHER IMPLICATIONS:

|   |  |
|---|--|
| <ul style="list-style-type: none"><li>▶ <b>HR &amp; Organisational Development</b></li><li>▶ <b>ICT / Technology</b></li><li>▶ <b>Property &amp; Asset Management</b></li><li>▶ <b>Risk</b></li><li>▶ <b>Equality &amp; Diversity</b></li></ul> | <p>Risk implications apply in relation to the Accounts and Audit Regulations 2015 to prepare financial statements in accordance with the statutory timetable. The accounts must be compliant with the relevant standards and must be prepared on a true and fair view basis. Failure to comply could result in a failure to meet the statutory duty.</p> |
|---|--|

## 13. BACKGROUND DOCUMENTS

- Accounts and Audit (England) Regulations 2015
- CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18
- External Audit – 2016/17 Audit Findings and Progress Report– Report to Governance Committee 13<sup>th</sup> September 2017  
<http://southribble.moderngov.co.uk/documents/s722/South%20Ribble%20Audit%20Findings%20Report.pdf>

## 14. APPENDICES

Appendix A - The Statement of Accounting Policies 2017/18

SMT Member's Name: Lisa Kitto

Job Title: Deputy Chief Executive (Resources & Transformation)

|  |            |          |
|--|------------|----------|
| Report Author:                           | Telephone: | Date:    |
| Lee Hurst                                | 01257      | 22/03/18 |
| Principal Systems & Financial Accountant | 515481     |          |



## SOUTH RIBBLE BOROUGH COUNCIL

## STATEMENT OF ACCOUNTING POLICIES 2016/178

## INTRODUCTION

The Accounting Policies for South Ribble Borough Council (the Council) have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Where there is no specific guidance in the Code, the Council has developed its own accounting policy which is aimed at creating information which is:

- Relevant to the decision making needs of users; and
- Reliable, in that the financial statements:
- Represent fairly the financial position, financial performance and cash flows of the entity;
- Reflect the economic substance of transactions, other events and conditions and not merely the legal form;
- Are neutral i.e. free from bias;
- Are prudent; and
- Are complete in all material respects.

This document outlines how the Council will account for all income, expenditure, assets and liabilities held and incurred during the 2016/178 financial year.

The accounting policies of the Council are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the authorities accounts.

The Accounting Policies of the Council as far as possible have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable.

## ACCOUNTING POLICIES

## 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/178 financial year and its position at the year end of 31 March 20178. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy / ~~Local Authority (Scotland) Accounts Advisory Committee~~ 2016/178 Code of Practice on Local Authority Accounting in the United Kingdom (the Code), supported by International Financial Reporting Standards (IFRS).

**Commented [HL1]:** Updated dates to reflect current financial year and current version of the Code of Practice

**Commented [HL2]:** Updated dates to reflect current financial year and current version of the Code of Practice.

**Commented [HL3]:** Removed as no longer the conventional title of publication.

## APPENDIX A

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### 1.2 Accruals of Income and Expenditure (Revenue Recognition)

The Income and Costs of the Council are accounted for in the period to which they relate, regardless of when the cash is paid or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from Council Tax and Business Rates is measured at the full amount receivable (net of impairment losses) as they are non-contractual, non-exchange transactions. Revenue from non-exchange transactions shall be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

**Commented [HL4]:** 2016/17 Grant Thornton Audit Findings Report requested the Council Tax and Business Rates be included in the revenue recognition policy.

### 1.3 Cash and Cash Equivalents

Cash consists of cash in hand and deposits repayable without penalty on notice of not more than 24 hours. Cash Equivalents consist of highly liquid investments which mature in less than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

**Commented [HL5]:** Clarification as a result of the misclassification of investments in the 2016/17 accounts.

~~Longer term investments are not reclassified if the outstanding period falls below three months at the date of account.~~

### 1.4 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with depreciation charges, revaluation and impairment losses in excess of accumulated revaluation gains, and amortisation charges in respect of intangible assets.

## APPENDIX A

The Authority is not required to raise council tax to meet these charges. Instead it has to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (the Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. This is achieved by means of an adjustment between the General Fund balance and the Capital Adjustment Account (in the Movement in Reserves Statement).

**Commented [HL6]:** Additional narrative to clarify minimum revenue provision.

### **1.5 Council Tax and Non-Domestic Rates**

Billing authorities such as South Ribble Borough Council act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

**Commented [HL7]:** Additional accounting policy to cover Council Tax and Business Rates. This is not a new accounting policy as we have always accounted on this basis. The requirement is that there should be an accounting policy to cover all material transactions and balances. This accounting policy has been included in the Collection Fund notes for some time but the external auditor requested it was added to our main accounting policies.

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### **Accounting for Council Tax and National Non-Domestic Rates**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

### **1.65 Contingent Assets and Liabilities**

These are assets and liabilities arising from past events the existence of which will only be confirmed by future events not wholly within the Council's control. They are disclosed in the notes to the main financial statements.

### **1.67 Exceptional Items**

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement, or in the notes to the main financial statements, depending on their significance.

### **1.87 Employee Benefits**

#### Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by

## APPENDIX A

~~employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs. These are charges to the Surplus or Deficit on the Provision of Service. The charge includes an accrual for any untaken leave and holiday entitlement. This accrual does not affect council tax since it is reversed by transfer from the General Fund Balance to the Accumulating Compensated Absences Account (in the Movement in Reserves Statement).~~

Commented [HL8]: Updated to be in line with Code standard

### Termination benefits

These are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date, or a decision to accept voluntary redundancy. The costs are recognised when the Council commits itself to terminate the employment of an officer or group of officers, or makes an offer to encourage voluntary redundancy. The charge is made to the relevant service line in the Comprehensive Income and Expenditure Statement.

### Post-Employment Benefits

Employees are members of the Local Government Pension Scheme which provides defined benefits to members. Full details of transactions are given in Note 36xx. The following notes explain the methodology.

The liabilities of the fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.9% (based on the indicative rate of return on high quality corporate bonds).

The assets of the fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unlisted securities – current bid price
- property – market value

The change in net pension liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;
- net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the

## APPENDIX A

beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments;

Re-measurement comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the pension fund:

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities thus arising are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **1.98 Events after the Reporting Period**

Where an event occurs after the Balance Sheet date and it provides evidence of conditions that existed at the Balance Sheet date, the amounts recognised in the Statement of Accounts is adjusted.

Where an event that occurs after the Balance Sheet date is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted. The "non-adjusting event", and an estimate of the financial effect, is however disclosed in the notes to the main financial statements.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **1.9 10 Financial Instruments**

#### **Financial Liabilities**

Borrowings are initially measured at fair value and carried at their amortised cost. The annual charge to the Comprehensive Income and Expenditure Statement (CI&ES) is based on the

**Commented [HL9]:** Additional sentence for clarification.

**Commented [HL10]:** Create one accounting policy for Financial Instruments with sub categories for Financial Liabilities and Financial Assets rather than a separately numbered policy for each.

## APPENDIX A

carrying amount multiplied by the effective rate of interest. The amount presented in the balance sheet is the outstanding principal payable plus interest accrued at 31 March.

Gains or losses on premature redemption are charged to the Comprehensive Income and Expenditure Statement unless they are the result of a restructure in which case they are added to the amortised cost and charged over the life of the modified loan. However, Regulations require discounts to be amortised over the shorter of the life of the original loan or ten years. Greater discretion applies to premia, they can be amortised over the life of the original or replacement loan, or a shorter period. A transfer is done from the General Fund Balance to the Financial Instruments Adjustment Account to give effect to these regulations.

### 4.10 Financial Assets

#### Loans and receivables

These are initially measured at fair value and carried at amortised cost. The annual credit to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is based on the carrying amount multiplied by the effective rate of interest. The amount presented in the balance sheet is the outstanding principal receivable plus interest accrued at 31 March.

Where assets are identified as impaired because of a likelihood from a past event that payments will not be received, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

### 1.11 Going Concern

The accounts have been prepared on the assumption that the Council will continue in existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

**Commented [HL11]:** Additional sentence for clarification.

### 1.12 Government Grants and Other Contributions

Government grants and other contributions for both revenue and capital purposes are accounted for on an accruals basis and recognised in the accounts when the conditions for their receipt have been complied with. If compliance has not been achieved, cash received is held on the Balance Sheet as a long term creditor.

The postings in the Comprehensive Income and Expenditure Statement relating to capital grants and contributions are reversed out of the General Fund balance in the Movement in Reserves Statement. If the monies have not been used they are credited to the Grants Unapplied Reserve. If they have been applied to fund capital expenditure they are credited to the Capital Adjustment Account.

#### Community Infrastructure Levy

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds with appropriate planning consent. The Authority charges for and collects the levy, which is a planning charge. The levy income will be used to fund a number of infrastructure projects to support the development of the area. CIL received is limited by regulations. It is therefore recognised at the commencement date of the development in the

## APPENDIX A

Comprehensive Income and Expenditure Statement in accordance with the above core accounting policy for grants and contributions. CIL charges will be largely to fund capital expenditure with a small proportion used to fund revenue.

### 1.13 Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences), is capitalised at cost if it will bring benefits to the Council for more than one financial year. Internally generated assets are capitalised where it is demonstrable that the Council will generate future economic benefits.

The cost is amortised over the economic life to reflect the pattern of consumption. The charge is made to the relevant service line in the Comprehensive Income and Expenditure Statement.

The postings in the Comprehensive Income and Expenditure Statement are reversed from the General Fund balance in the Movement in Reserves Statement and charged to the Capital Adjustment Account.

### 1.14 Inventories and Long term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First In First Out (FIFO) costing formula. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

**Commented [HL12]:** Not a new accounting policy simply adding back in as inventory transactions could be material and supports the inclusion of the Inventories note.

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### 1.154 Investment Properties

Investment properties are those held solely to earn rentals or for capital appreciation. They are measured initially at cost and subsequently at fair value. Valuations are provided by Royal Institution of Chartered Surveyors (RICS)-qualified valuers, are on the basis recommended by CIPFA, and accord with the Statement of Asset Valuation Principles and Guidance Notes issued by the RICS. They are not depreciated but are re-valued annually. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Gains and losses on revaluation and disposal are not permitted by statute to impact on the council tax. A reversal is therefore done between the General Fund Balance and the Capital Adjustment Account (or, in the case of sale proceeds exceeding £10,000 to the Capital Receipts Reserve).

Income and expenditure from investment properties are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### 1.165 Leasing

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases. If the lease covers both land and buildings, then the land and building elements are considered separately for classification.

## APPENDIX A

Assets that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### **The Authority as lessee**

#### Finance leases

An asset held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the inception of the lease (or the present value of the minimum lease payments, if lower). The asset is matched by a liability, being the obligation to the lessor. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are split between a finance charge, charged to the Comprehensive Income and Expenditure Statement, and the principal element, applied to write down the lease liability. Assets held under a finance lease will be subject to depreciation and revaluation in the same way as any other asset.

#### Operating leases

Rentals are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the asset.

### **The Authority as lessor**

#### Finance leases

Where the Authority grants a finance lease over an asset, it is written out of the Balance Sheet and charged to the "gain or loss on disposals" line in Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. The Authority's net investment in the lease is credited to the same line, matched by a Long Term Debtor in the balance Sheet. Lease rental receipts are split between finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement), and the principal element applied to write down the Long Term Debtor.

#### Operating leases

Where the Authority grant an operating lease over an asset it remains on the Balance Sheet, and the income is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. See note 35.

### **1.167 Non-Current Assets Held for Sale**

Accounting treatment is detailed in the Property Plant and Equipment, Disposal and Non-Current Assets Held for Sale policy.

### **1.187 Overheads**

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

### **1.198 Prior Period Adjustments, Changes in Accounting Policies, and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in estimates are accounted for prospectively, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Commented [HL13]: Additional sentences to aid understanding.

## APPENDIX A

Changes in accounting policies are only made when required by proper accounting practice or if the change provides more reliable or relevant information about the effect of transactions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts from prior periods. Material errors will also require a prior period adjustment. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the period.

### **1.1920 Property Plant and Equipment (PPE)**

All expenditure on the acquisition, creation, or enhancement of fixed assets is capitalised on an accruals basis in the accounts provided it exceeds the 'de minimis' threshold of £5,000 and provides benefits to the Council for a period of more than one year.

#### Measurement

Assets are initially measured at cost, comprising the purchase price, and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Council. Should they be incurred, the Authority would capitalise borrowing costs incurred whilst major assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, Community Assets, Assets under Construction, and equipment, are held at depreciated historical cost.
- All other assets are measured at current value, determined as the amount that would be paid for the asset in its existing use.

In respect of specialised assets, if there is an absence of market based evidence of value, depreciated replacement cost is used as an estimate of current value.

Valuations are provided by Royal Institution of Chartered Surveyors (RICS)-qualified valuers, are on the basis recommended by CIPFA, and accord with the Statement of Asset Valuation Principles and Guidance Notes issued by the RICS. Assets held in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years.

Increases in valuations are credited to the Revaluation Reserve unless they reverse previous losses charged to the Comprehensive Income and Expenditure Statement, in which case the gain shall be credited to that account. A fall in value will be charged firstly against any balance held in the Revaluation Reserve. If this is insufficient or non-existent, the charge is made to the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluations gains recognised since 1 April 2007 only, the date of its formal inception. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### Depreciation

Non-current assets held for sale are not depreciated.

Other property is depreciated over its useful life on a straight line basis. Depreciation is based on the closing value of assets. Components are separately depreciated if

- The total value of the host asset (excluding land) exceeds £0.500m and
- The value of the component exceeds 20% of the asset value (excluding land)

Depreciation periods are as follows:

## APPENDIX A

|   | years |
|---|-------|
| Property (excluding components separately identified) | 5-60  |
| Property components - mechanical                      | 25    |
| Portable office facilities                            | 10-15 |
| Vehicles  | 3-10  |
| IT equipment  | 3-5   |
| Other equipment                                       | 5-15  |

Revaluation gains are also depreciated by transfer of the difference between the current valuation depreciation charge and the historic cost depreciation charge, from the Revaluation Reserve to the Capital Adjustment Account.

### Impairment

All assets are reviewed annually for impairment. Impairment losses are charged against revaluations held in the Revaluation Reserve. If these are inadequate the loss is charged to the relevant service line in the Comprehensive Income and Expenditure Statement. If an impairment loss is subsequently reversed, the reversal, up to the amount of the original loss adjusted for depreciation, is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

### Disposal and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through continuing use, it is reclassified as an Asset Held for Sale and shown within current assets. The asset is re-valued immediately and carried at the lower of this amount and current value less costs to sell. If assets subsequently fail to meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations) and their recoverable amount at the date of the decision not to sell.

On disposal the carrying amount of an asset is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on disposal. Receipts exceeding £10,000 from disposal are credited to the same line; lesser receipts are included as service income in cost of services. Any revaluation gains accumulated in the Revaluation Reserve are transferred to the Capital Adjustment Account.

### Capital Charges and Council Tax

The postings in the Comprehensive Income and Expenditure Statement in respect of depreciation, impairment, disposal and revaluation are reversed in the Movement in Reserves Statement to avoid impacting on council tax. Capital Receipts exceeding £10,000 are reversed to the Capital Receipts Reserve. Other reversals are to the Capital Adjustment Account.

### **1.210 Provisions**

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing is uncertain. Provisions are charged to the appropriate revenue account, Expenditure, when incurred, is charged direct to the provision.

### **1.224 Reserves**

Reserves are created by appropriating amounts from the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from the reserve is incurred, it is charged to the relevant service in the Comprehensive Income and Expenditure

## APPENDIX A

Statement, and the reserve is appropriated back into the General Fund Balance through the Movement in Reserves Statement.

### **1.232 Revenue Expenditure Funded From Capital Under Statute**

Expenditure incurred during the year that may be capitalised under statutory provision but does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement.

If the Authority has determined to use capital resources to meet the cost (as opposed to funding from revenue) a transfer is done in the Movement in Reserves Statement, from the General Fund Balance to the Capital Adjustment Account, so that there is no impact on the council tax.

### **1.243 Value Added Tax**

VAT is included in the accounts only to the extent that it is irrecoverable.

### **1.245 Fair Value Measurement**

The Council measures some of its non-financial assets such as investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

Valuations of non-financial assets are provided by Royal Institution of Chartered Surveyors (RICS)-qualified valuers, are on the basis recommended by CIPFA, and accord with the Statement of Asset Valuation Principles and Guidance Notes issued by the RICS.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## **APPENDIX A**

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for that asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability

| REPORT TO            | ON            |
|----------------------|---------------|
| Governance Committee | 18 April 2018 |



September 2017

| TITLE             | REPORT OF                  |
|-------------------|----------------------------|
| Notices of Motion | Interim Monitoring Officer |

|                              |    |
|------------------------------|----|
| Is this report confidential? | No |
|------------------------------|----|

## 1. PURPOSE OF THE REPORT

The purpose of this report is to enable Governance Committee to make a formal recommendation to Full Council with regard to the suggested amendment to the rules relating to Notices of Motion.

## 2. RECOMMENDATIONS

2.1 That Committee consider and amend (if they deem it appropriate) those provisions of the Council's Standing Orders relating to Notices of Motion prior to submission to Full Council for final decision.

## 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

|   |   |
|---|---|
| Excellence and Financial Sustainability | √ |
| Health and Wellbeing                    |   |
| Place                                   |   |

Projects relating to People in the Corporate Plan:

|        |  |
|--------|--|
| People |  |
|--------|--|

## 4. BACKGROUND TO THE REPORT

4.1 All Councils are required to have a written Constitution which sets out the Council's internal governance arrangements, approved procedures and protocols.

4.2 At Council on the 22<sup>nd</sup> of November 2017 Cllr K Jones moved a Notice of Motion to amend the rules relating to Notices of Motion. Please see Appendix 1 for the full Notice of Motion. The key

wording is: "...Council requests the Governance Committee and the Monitoring Officer to draw up a suitable amendment to Standing Orders and the Constitution with the effect of requiring 3 working days' notice of amendments to motions."

**4.3** At Appendix 2 members will find a copy of our current Standing Orders. The relevant provisions are set out in Standing Order 10.

**4.4** Members will note that in his Notice of Motion Cllr Jones referred to Standing Order 24(2). This states:

*24.2 Except where a proposal to amend the Constitution is made by a report from the Governance Committee any motion to amend, vary or revoke these Procedure rules will, once proposed and seconded, stand adjourned without discussion to the next Ordinary Meeting of the Council to await a report from the Monitoring Officer or the Governance Committee.*

**4.5** Members will note that in accordance with the wording of Standing Order 24.2 strictly speaking this matter should have been referred back to full Council in its January meeting. However, following discussions with the Chair of Governance committee and the proposer and seconder of the motion it was agreed that it made more sense that this should go through the normal procedures for considering any change to the Constitution – i.e. initial consideration by the Governance working group before formal consideration by Governance committee and eventual decision by full Council.

## **5.0 Detailed Considerations**

**5.1** Clearly it is a matter for members whether the rules relating to amending Notices of Motion should be amended or not. Technically speaking it is not difficult to draft wording to accommodate Cllr K Jones's concerns.

**5.2** A possible rewording to accommodate this would be to include a new para 10.6 to the effect: "Any proposed Amendment to any Notice of Motion must be received by the Chief Executive at least 3 clear working days before the day of the meeting (i.e. under the existing practice of Council meetings on a Wednesday at 6pm any proposed Amendment to a Notices of Motion must be received by the Chief Executive no later than 5.15 on the Thursday 3 clear working days before the meeting)."

**5.3** A further possible refinement to this wording would be to allow late amendments if the proposer and seconder of the original motion were happy to agree them. This would allow for any minor variations designed to improve accuracy etc.

**5.4** The advantages of changing the rules along the lines suggested would include:

- Greater certainty ahead of the meeting
- Avoidance of any confusion caused by amendments tabled at the last minute on the night
- Avoidance of members having inadequate time to consider the amendments properly (resulting in a negative impact on the quality of the debate)
- Ensuring that officers have plenty of time to consider fully the implications of the changes

**5.5** The disadvantages of changing the rules along the lines suggested would include:

- A lack of flexibility
- Very limited time for members to put together any proposed amendments
- More Notices of Motion being rejected completely rather than being amended

**5.6** It is for members to consider the arguments for and against and decide whether they wish to make any amendments to the current rules. At the meeting of the Governance Committee working group on the 13<sup>th</sup> of February 2018 the clear view of Members was that they were not minded to make any changes to the rules in question – they considered that the disadvantages of making any changes outweighed any possible advantages.

**6.1 Comments of the Statutory Finance Officer**

There are no financial implications arising directly from this report.

**6.2 Comments of the Monitoring Officer**

Every Council is required to have a written Constitution which is regularly reviewed and kept up to date.

|   |  |
|---|--|
| <p><b>Other implications:</b></p> <ul style="list-style-type: none"> <li>▶ <b>Risk</b></li> <li>▶ <b>Equality &amp; Diversity</b></li> <li>▶ <b>HR &amp; Organisational Development</b></li> <li>▶ <b>Property &amp; Asset Management</b></li> <li>▶ <b>ICT / Technology</b></li> </ul> | <p>There are no specific risk implications arising from this report</p> <p>There are no specific equality implications arising from this report</p> <p>There are no specific HR implications arising from this report</p> <p>There are no specific Property or asset management implications arising from this report</p> <p>There are no specific ICT implications arising from this report</p> |
|---|--|

**8. BACKGROUND PAPERS**

**NONE**

**David Whelan**  
**Interim Monitoring Officer**

|                |                 |                                |
|----------------|-----------------|--------------------------------|
| Report Author: | Telephone:      | Date:                          |
| David Whelan   | 01772<br>625247 | 20 <sup>th</sup> of March 2018 |

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## APPENDIX 1

Notice of the following motion has been submitted in accordance with Standing Order number 10(2).

The Council's attention is drawn to Standing Order number 24(2), which deals with the disposal of motions.

This Motion is proposed by Councillor Ken Jones and seconded by Councillor Matthew Tomlinson.

*“Council reaffirms that motions for debate at Council meetings must be tabled at least 7 working days prior to the meeting in question, but notes there is currently no time restriction on the submitting of amendments to such motions. In practise this results in curtailed debate and to correct this, Council requests the Governance Committee and the Monitoring Officer to draw up a suitable amendment to Standing Orders and the Constitution with the effect of requiring 3 working days' notice of amendments to motions.”*

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## **APPENDIX 2**

### **4A COUNCIL PROCEDURE RULES (STANDING ORDERS)**

1. Annual Meeting of the Council (Mayoral Installation and First Business Meeting of the Municipal Year)
2. Ordinary Council Meetings
3. Special or Extraordinary Council Meetings
4. Time and Place of Meetings
5. Notice of and Summons to Meetings
6. Chairman for the Meeting
7. Quorum
8. Council Minutes and Record of Attendance
9. Minutes of the Cabinet, Scrutiny Governance, and Standards Committees to Council
10. Notices of Motion
11. Removal of the Leader
12. Motions without Notice
13. Questions from Members
14. Rules of Debate for Council Meetings
15. Public Participation
16. Voting and Recorded Votes
17. Voting on Appointments
18. Member Conduct
19. Disturbance by the Public
20. Recording and Filming of Meetings
21. Disclosure and Withdrawal from Meetings
22. Interpretation of Standing Orders

23. Previous Decisions and Motions
24. Suspension and Amendment of Procedure Rules/Standing Orders

**Application of Rules to Cabinet, Committees and sub Committees**

25. Appointment of Committees and Application of Procedure Rules
26. Appointment of Chairman and Vice Chairman of Committees
27. Special Meetings of Cabinet and Committees
28. Sub Committees
29. Quorum for Cabinet and Sub Committees
30. Declarations of Interests and Withdrawal from Meetings of Cabinet and Committees and Sub Committees
31. Voting in Cabinet, Committees and Sub Committees
32. Members Attendance and Participation at Meetings of Cabinet, Committees and Sub Committees
33. Participation by the Public at Meetings of the Cabinet, Committees or Sub Committees
34. Participation by the Public and Members of the Council at Planning Committee
35. Delegation of Urgent Decisions between Meetings of the Cabinet or a Committee
36. Resolution of Conflicting Decisions

## **1. Annual Meeting of Council**

### **1.1 Mayoral Installation**

At the Annual Meeting of the Council (Mayoral Installation) each May members will:

- (i) Elect a person to preside at the meeting if the Mayor is not present
- (ii) Elect the Mayor
- (iii) Elect the Deputy Mayor
- (iv) Receive any announcements from the Mayor/and or Chief Executive

### **1.2 First Business Meeting of the Municipal Year**

At the First Business Meeting of the Municipal Year after the Mayoral Installation members will:

- (i) Approve both the minutes of the Annual Meeting (Mayoral Installation) and the last ordinary meeting of the Council
- (ii) When the meeting is taking place in the year of whole Council elections, elect the Leader of the Council (“the Leader”) for a four year term of office
- (iii) Receive the names of the Deputy Leader and members of Cabinet appointed by the Leader ( see Cabinet Procedure Rules)
- (iv) Appoint at least one Scrutiny Committee
- (v) Decide which other committees to establish and agree their size and terms of reference (see rule 25.1)
- (vi) Agree the scheme of delegation (excluding any executive delegations which the Leader has responsibility for)
- (vii) Determine the allocation of seats to political groups in accordance with the political balance rules under the Local Government and Housing Act 1989
- (viii) Appoint the Chairman and Vice Chairman of all Committees (excluding the Appeals and Shared Services Joint Committee)
- (ix) Receive nominations and appoint members to serve on each Committee and Outside Body (except where appointment to those bodies has been delegated by the Council or is exercisable only by the Cabinet)
- (x) Receive nominations and ratify the appointment of Chairman and Vice Chairman of the My Neighbourhood areas (see Neighbourhood Procedure Rules)

- (xi) Approve the timetable of ordinary meetings of the Council for the following year
- (xii) Consider any other business set out in the notice convening the meeting

## **2. Ordinary Council Meetings**

### **2.1 Ordinary meetings of the Council will:**

- (i) Elect a person to preside if the Mayor and Deputy Mayor are both absent (Rule 6)
- (ii) Receive any declarations of interest from members (Rule 21)
- (iii) Approve as a correct record the minutes of the last meeting (Rule 8)
- (iv) Receive any announcements from the Mayor
- (v) Deal with any business adjourned from the last Council meeting (Rule 7)
- (vi) Note the names of any changes to the Deputy Leader and members of the Cabinet appointed by the Leader since the last ordinary Council meeting (see Cabinet Procedure Rules)
- (vii) Receive the names and ratify the appointment to any vacancies arising in the position of Chairman or Vice Chairman of My Neighbourhood Forums (see My Neighbourhood Procedure Rules)
- (viii) Appoint to any vacancies arising in the position of Chairman or Vice Chairman of any Committee (Rule 26)
- (ix) Receive the minutes of Cabinet and give members the opportunity to ask questions.
- (x) Receive the minutes of Scrutiny, Governance and Standards Committees and give members the opportunity to ask questions
- (xi) Receive questions or hear any address from members of the public (see Rule 15)
- (xii) Enable members to ask any relevant questions in accordance with Rule 13 of:
  - The Leader or Deputy Leader of the Council
  - A member of the Cabinet
  - The Chairman of any committee
  - The Chairman of any My Neighbourhood area
  - A member appointed by the Council to any joint authority or joint board
  - A member appointed by or on behalf of the Council as a member or Director of any Company
  - Any member Champion
- (xiii) Consider any other business specified in the summons to the meeting
- (xiv) Consider any Notices of Motion in accordance with Rule 10
- (xv) At Budget Council approve the Council's revenue and capital budget & set the

level of Council tax

### **3. Special Meetings or Extraordinary Meetings**

3.1 A special or extraordinary meeting of the Council may be requested by:

- (i) The Council by resolution
- (ii) The Mayor
- (iii) The Chief Executive (Head of Paid Service)
- (iv) The Monitoring Officer
- (v) The Section 151 Officer
- (vi) Any 5 members notifying the Mayor and Chief Executive in writing

3.2 The meeting may only consider the specific items set out in the summons.

### **4. Time and Place of Meetings**

4.1 Meetings will be held at the Civic Centre Leyland at 6pm or such other time and venue as the Council may determine.

### **5 Notice of and Summons to Meetings**

5.1 The Chief Executive will give notice to the public of the time and place of any meeting, in accordance with the Access to Information Procedure Rules.

5.2 At least 5 clear **working** days before a meeting the Chief Executive will send a summons, signed by him/her, to every member of the Council. The summons will be delivered in writing, electronically or sent by post to each member at his/her usual place of residence (unless a request has been made in writing that an alternative address is used).

5.3 The summons must state the business to be transacted at the meeting and be accompanied by all reports which are available.

### **6. Chairman for the Meeting**

6.1 In the Mayor's absence, any power or duty of the Mayor in relation to the conduct of a meeting may be exercised by Deputy Mayor or, if both are absent, by the person elected to preside at the meeting.

## **7. Quorum**

7.1 The minimum number of members who must be present for the meeting to proceed is one third of the total membership.

7.2 During any meeting if the minimum number is not present then the meeting will adjourn for 15 minutes. If, after 15 minutes, the minimum number of members are still not present the meeting will immediately adjourn.

7.3 The remaining business will be considered at a time and date to fixed by the Mayor. If no new date is fixed the remaining business will be considered at the next ordinary or extraordinary meeting.

## **8. Council Minutes and Record of Attendance**

8.1 The Mayor will move that the minutes of the last meeting be approved as a correct record.

8.2 Only matters relating to the accuracy of the minutes may be discussed and must be raised by way of motion proposed, seconded and voted upon.

8.3 The Mayor will sign the minutes once any issues raised have been disposed of.

8.4 If the next meeting is a Special or Extraordinary meeting there is no requirement for the minutes to be agreed until the next Ordinary meeting of the Council.

8.5 The names of all those members present at a meeting will be recorded in the minutes.

## **9. Minutes of the Cabinet, Scrutiny, Governance and Standards Committees to the Council**

9.1 Minutes of the meetings of the Cabinet, Scrutiny Governance and Standards Committees will be presented to the Council meeting.

9.2 A member may, in the case of the Cabinet, put to the Leader of the Council and, in the case of the Scrutiny, Governance and Standards Committees, to the relevant chairman, any question concerning the content of the minutes.

9.3 A member asking a question may address the Council for a maximum of three minutes, except that this time limit may be extended at the discretion of the Mayor.

9.4 Having received a response, the member ask one supplementary question, which must be directly related to the original question. A member asking a supplementary question shall address the Council for not more than two minutes, except that this time limit may be extended at the discretion of the Mayor.

## **10. Notices of Motion**

10.1 Notices of Motion must be in writing and signed by both the member submitting the Notice of Motion and at least one other member as seconder.

10.2 All Notices of Motion must be received by the Chief Executive at least 7 clear working days before the date of the meeting (under the existing practice of Council Meetings on a Wednesday at 6pm all Notices of Motion must be received by the Chief Executive no later than 4 45pm on the Friday 7 clear working days before the meeting)

10.3 Notices of Motion will be listed on the agenda in the order in which they are received, unless the member giving the Notice states in writing they propose to move it at a later meeting or withdraw it

10.4 Notices of Motion may only address matters for which the Council has a responsibility or which affect the district of South Ribble, its area or residents.

10.5 The Mayor, with the advice of the Chief Executive, may exclude from the agenda any Notice of Motion which he/she considers to be out of order for any reason, including Notices of Motion considered to be vexatious, abusive or otherwise inappropriate.

## **11. Removal of Leader**

11.1 The Council may remove the executive leader of the Council from that office if a motion, submitted in accordance with Rule 10, is passed by a simple majority of those members present at the meeting.

## **12. Motions without Notice**

12.1 The following motions and amendments may be moved without notice:

- (i) To appoint a Chair of the meeting
- (ii) In relation to the accuracy of the minutes
- (iii) To change the order of business in the agenda
- (iv) To refer back or to an appropriate body or individual a recommendation of the Cabinet or a committee
- (v) Any motion arising out of consideration of an item on the agenda but the motion must be relevant to that item and must not introduce any new subject
- (vi) To appoint a committee or member arising from an item on the summons for the meeting
- (vii) To receive reports or adopt recommendations of committees or officers and any resolutions following from them
- (viii) To withdraw a motion
- (ix) To extend the time limit for speeches (currently 5 minutes in accordance with Rule 14.4)
- (x) To amend a motion

- (xi) To proceed to the next business
- (xii) That the question be now put
- (xiii) To adjourn a debate
- (xiv) To adjourn a meeting
- (xvi) To suspend a particular Council Procedure Rule
- (xvii) To exclude the public and press in accordance with the Access to Information Procedure Rules
- (xviii) That a member named under rule 18 be not heard further or should leave the meeting
- (xix) To give the consent of the Council where its consent is required by the Constitution

### **13. Questions from Members**

13.1 A member of the Council may ask a question at a meeting of the Council of:

- (i) The Leader or Deputy Leader of the Council
- (ii) A member of the Cabinet
- (iii) The Chairman of any Committee
- (iv) The Chairman of any My Neighbourhood Forum
- (v) A member appointed by the Council to any joint authority or joint board
- (vi) A member appointed by or on behalf of the Council as a member or Director of any Company
- (vii) Any member Champion

### **13.2 Questions on Notice**

Questions in writing must be received by the Chief Executive at least one clear day before the date of the meeting (under the existing practice of Council Meetings on a Wednesday at 6pm all Questions must be received by the Chief Executive no later than 5 pm on the Monday preceding the meeting).

A list of questions received will be circulated to those members present at the meeting.

### **13.3 Questions without Notice**

Questions may also be asked at the meeting, without giving written notice in advance, but in those circumstances there will be no requirement for an immediate answer to be given.

### **13.4 Scope**

All questions must be relevant to the responsibilities of the individual postholder and affect the district of South Ribble, it's area or residents.

There is no requirement to answer a question if the information requested is confidential within the categories of the Access to Information Procedure Rules

### **13.5 Time limits**

A member asking a question may, in doing so, address the Council for not more than 3 minutes for each question.

### **13.6 Supplementary Questions**

A member may ask one supplementary question which must be directly related to the original question.

The time limit on asking supplementary questions is at the discretion of the Mayor, but will normally be 2 minutes.

### **13.7 Response**

An answer may take the form of:

- (i) A direct verbal answer
- (ii) Where the information is published, by reference to the publication
- (iii) A written answer circulated after the meeting to the questioner and published to all members of the Council

### **13.8 Exemptions**

The Mayor, in consultation with the Chief Executive, has the discretion to refuse to accept questions which he/she considers to be out of order for any reason, including vexatious, abusive or otherwise inappropriate content.

## **14. Rules of Debate**

### **14.1 No speeches until Motion seconded**

A motion or amendment may not be discussed unless it has been proposed and seconded.

Unless notice of the motion has already been given (see rule 10 on Notices of Motions) the Mayor may require it to be written down and handed to him/her before it is discussed.

### **14.2 Seconders Speech**

When seconding a Motion or Amendment, a member may reserve his/her speech until later in the debate.

He/she will have the right to speak in the debate at the point he/she indicates.

### **14.3 Standing to Speak**

Unless the Mayor gives permission for the member to remain seated, when a member speaks at Council, he/she must stand and address the meeting through the Mayor.

If more than one member stands, the Mayor will ask one to speak and the others must sit. Other members must remain quiet and seated whilst a member is speaking unless they wish to make a point of order or a point of personal explanation. (See rule 14.13)

#### **14.4 Content and length of speeches**

All speakers must address the issue under debate. No speech may exceed **5 minutes** without the consent of the Mayor.

#### **14.5 When a Member may speak again**

A member who has spoken once on a motion may not speak again while it is being debated, except:

- (a) To speak once on an amendment moved by another member;
- (b) To move a further amendment if the motion has been amended since he/she last spoke;
- (c) If his/her first speech was on an amendment moved by another member, to speak on the main issue (whether or not the amendment on which he/she spoke was carried)
- (d) In exercise of a right of reply (under rule 14.10)
- (e) On a point of order or by way of personal explanation (under rule 14.13)

#### **14.6 Amendments to Motions**

The mover of an amendment must provide a copy in writing to the Mayor and read aloud the wording to the meeting, before speaking to it.

Any Amendment to a motion must be relevant to the motion, and may either be:

- (a) To refer the matter to an appropriate body or individual for consideration or reconsideration;
- (b) To leave out words;
- (c) To leave out words and insert or add others;
- (d) To insert or add words.

as long as the effect of the amendment is not to negate the motion or introduce a new proposal.

#### **14.7 Number of Amendments**

Only one amendment may be moved and discussed at any one time.

No further amendment may be moved until the amendment under discussion has been disposed of.

The Mayor may, however, permit 2 or more amendments to be discussed (but not voted upon) together if this would facilitate the proper conduct of the Council's business.

No member may move or second more than one amendment on any motion.

#### **14.8 Further Amendments**

If an amendment is not carried, other amendments to the original motion may be moved and seconded.

If any amendment is carried then the Motion as amended takes the place of the original Motion. This becomes the substantive motion to which any further amendments are moved.

After an amendment has been carried, the Chair will read out the amended motion before accepting any further amendments, or, if there are none, put it to the vote.

#### **14.9 Alteration or Withdrawal of Motion**

A member may alter or withdraw a motion or amendment which he/she has moved with the consent of both the meeting and the seconder. The meeting's consent will be signified without discussion.

#### **14.10 Right of Reply on Motion and Amendments**

The relevant Cabinet Member has a right of reply on the motion immediately before the Proposer exercises his or her right of reply at the end of the debate.

The proposer of a motion has a right to reply at the end of the debate on the motion, immediately before it is put to the vote.

If an amendment is moved then:

- (a) The mover of the amendment has the right of reply at the end of the debate on the amendment, immediately before any reply by the mover of the original motion.
- (b) The proposer of the original motion has the right of reply at the end of the debate on the amendment but may not speak otherwise on the amendment

#### **14.11 Motions which may be Moved during Debate**

When a motion is under debate, no other motion may be moved except the following procedural motions:

- (a) to withdraw a motion
- (b) to amend a motion
- (c) to proceed to the next business
- (d) that the question be now put
- (e) to adjourn a debate

- (f) to adjourn a meeting
- (g) to exclude the public and press in accordance with the Access to Information Rules
- (h) not to hear further a member named or to exclude them from the meeting under Rule 18

#### **14.12 Closure Motions**

A member may move, without comment, the following motions at the end of a speech of another member:

- (a) To adjourn the debate or the meeting;
- (b) To go to the next item of business
- (c) That the vote be taken or question be put

If the motion is seconded and the Mayor is of the view that the matter before the meeting has been sufficiently discussed:

- (i) In the case of a motion under (a) or (b) he/she will invite the mover of the original motion to reply and then put the closure motion to the vote.
- (ii) In the case of a motion under (c) he/she will put the closure motion to the vote.

#### **14.13 Point of Order or Personal Explanation**

The debate may be interrupted by a member rising to his or her feet either:

- (a) To seek the Mayor's interpretation of these rules or a statutory provision (a point of order). The member must state the rule or statutory provision and the way in which he/she considers it has been broken.
- (b) To give a short personal explanation of something he/she has already said (a point of personal explanation). A personal explanation may only relate to some material part of an earlier speech by the member which may appear to have been misunderstood in the present debate.

The ruling of the Mayor on the admissibility of a personal explanation or point of order will be final.

#### **14.14 Respect for Chair**

When the Mayor stands during a debate, any member speaking at the time must stop and sit down, and all others present at the meeting must then be silent.

### **15. Public Participation**

Members of the Public may ask a question, or make a statement to address the meeting, on any matter of Council business or on anything which affects the borough or residents, provided it is relevant to the Council's functions or duties.

### **15.1 Questions by the Public**

Members of the public may either:

- (a) Give written notice of a question to the Chief Executive at least **one** clear day before the meeting at which the question is to be asked (i.e. if the meeting is on a Wednesday, by 5.00 pm on the Monday preceding the meeting). A list of the questions of which notice has been given will be circulated to members at the meeting.
- (b) Ask a question without giving written notice, but in those circumstances there will be no requirement for a full answer to be given immediately.

Members of the public will be invited to ask questions after all council members have been invited to ask questions on any particular agenda items.

Individual members of the public will be restricted to speaking for a total of five minutes during the whole meeting.

### **15.2 Statements to Address the Meeting by the Public**

Written notice of the subject matter of the statement to address the meeting must be given to the Chief Executive at least **six** clear working days before the meeting at which the question is to be asked (i.e. if the meeting is on a Wednesday, by 5.00 pm on the Monday of the week preceding the meeting) and this will be included on the agenda for the meeting of the Council.

However, Members of the public may address the meeting, without giving prior written notice, on any item of Council business included on the agenda for the meeting.

If the Mayor considers the matter to be urgent, he or she may to permit members of the public to address the meeting on a matter not included on the agenda for the meeting.

Individual statements to address the meeting will be limited to 3 minutes in total and the Mayor will have the discretion to determine the overall time allotted at the meeting where several members of the public wish to speak.

### **15.3 Responses and Debate**

The Mayor will determine whether a discussion on the matter will take place at the meeting and any response to the address or question may take the form of:-

- (a) A direct oral answer, or
- (b) Where the information is contained in a publication of the Council, a reference to that publication
- (c) Where any reply cannot conveniently be given orally, a written answer will be sent to the member(s) of the public addressing the Council or asking a question, and circulated to all members of the Council.

Following an address or question from a member of the public a member may respond on a point of personal response, explanation or on a matter of fact only.

### **15. 4 Exemptions**

The Mayor, in consultation with the Chief Executive, has the discretion to refuse to accept questions or statements to address the Council which he/she considers to be out of order for any reason, including vexatious, abusive or otherwise inappropriate content.

## **16. Voting and Recorded Votes**

### **16.1 Majority**

Unless this Constitution provides otherwise, any matter will be decided by a simple majority of those members voting and present in the room at the time the question was put.

### **16.2 Mayor's Casting Vote**

If there are equal numbers of votes for and against, the Mayor will have a second or casting vote. There will be no restriction on how the Mayor chooses to exercise a casting vote.

### **16.3 Method of Voting**

Unless a recorded vote is requested, the Mayor will take the vote either by a show of hands or by such electronic means as provided for the purpose, or, if there is no dissent, by the affirmation of the Meeting.

### **16.4 Recorded Vote**

If any member makes a request for a recorded vote and is supported by 5 other members rising in their places, the individual names of those voting for or against the motion / amendment and of those abstaining from voting will be taken down in writing and entered into the minutes.

### **16.5 Recorded Votes for Budget Meetings**

A recorded vote must take place when setting the Council's budget and determining the level of council tax to be levied for each financial year. This rule will apply to both the substantive motion and any amendments.

(NB There is no necessity for any member to request a recorded vote in these circumstances as this is now a legal requirement for Budget Meetings).

### **16.6 Right to Require Individual Vote to be Recorded**

Any member may request immediately after the vote is taken, that their vote is recorded in the minutes to show whether they voted for or against the motion or abstained from voting.

## **17. Voting on Appointments**

17.1 Where there are more than two persons nominated for any position to be filled by the Council, then unless one person has an overall majority of votes, the name of the person with the least number of votes will be excluded from the next round of voting. This process will be repeated, as necessary until a majority of votes is given in favour of one person

17.2 Where there is more than one vacancy to be filled and more nominations than vacancies, then each member will have as many votes as there are vacancies with only one vote cast for

any one nominee. The successful nominees will be those with the greatest number of votes for the relevant vacancies.

17.3 Any equality of votes will be resolved by the casting vote of the Chair.

## **18. Member Conduct**

18.1 Members should follow the requirement of the **Members' Code of Conduct** to treat others with respect.

18.2 If a member persistently disregards the ruling of the Mayor by behaving improperly or offensively, or deliberately obstructs business, the Mayor or any member may move "That the member be not heard further". If seconded, the motion will be voted on without discussion.

18.3 If the member continues to behave improperly after such a motion is carried, the Mayor may move that either the member leaves the meeting or that the meeting is adjourned for a specified period. If seconded, the motion will be voted on without discussion.

18.4 If there is a general disturbance, making orderly business impossible, the Mayor may adjourn the meeting for as long as he/she feels necessary.

## **19. Disturbance by the Public**

19.1 If a member of the public interrupts or disrupts proceedings the Mayor will warn the person concerned.

19.2 If they continue the interruption the Mayor will order their removal from the meeting room.

19.3 If there is a general disturbance in any part of the room open to the public that Mayor may call for that part to be cleared and may adjourn the meeting for as long as he/she feels necessary.

## **20. Recording and Filming of Meetings**

20.1 Recording and filming of public meetings of the Council, Cabinet and Committees is allowed, unless this is undertaken in a disruptive manner.

20.2 Where a disruption of the business of the meeting occurs the Mayor, or Chair of the meeting, will have the right to exclude the individuals concerned from the meeting in accordance with rule 19.

## **21. Declaration of Interests and Withdrawal from Meetings**

21.1 Members should disclose interests as required by the Members Code of Conduct and in the case of a Disclosable Pecuniary Interest must withdraw from the meeting room, unless a dispensation has been granted by the Standards Committee.

21.2 If the interest is such that a member of the public could reasonably regard it as being so significant that it is likely to prejudice a member's judgment of the public interest (see Code of Conduct) then a member may make representations on the item but should leave the meeting

whilst the item is being discussed.

## **22. Interpretation of Council Procedure Rules**

The ruling of the Mayor on the construction or application of these Procedure Rules shall not be challenged at any meeting of the Council but will not necessarily create a precedent for subsequent meetings.

## **23 Previous Decisions and Motions**

23.1 A motion or amendment to rescind a decision made at a meeting of the Council in the last 6 months may not be moved unless the Notice of Motion under rule 10 is signed by at least 5 members.

23.2 A motion or amendment in similar terms to one that has been rejected at a meeting of the Council in the last 6 months cannot be moved unless the Notice of Motion under rule 10 has been signed by at least 5 members.

23.3 Once the motion or amendment has been dealt with by the Council, a member may not propose a similar motion or amendment for a further 6 month period.

## **24 Suspension and Amendment of Council Procedure Rules**

24.1 All of these Procedure Rules, with the of exception rule 22 (Interpretation of Procedure Rules) **rule 20 (Recording and Filming of meetings)** and 16.5 (Recorded Votes for Budget Meetings), may be suspended for the duration of the meeting once a motion to that effect has been moved, seconded and carried.

24.2 Except where a proposal to amend the Constitution is made by a report from the Governance Committee any motion to amend, vary or revoke these Procedure rules will, once proposed and seconded, stand adjourned without discussion to the next Ordinary Meeting of the Council to await a report from the Monitoring Officer or the Governance Committee.

## **Application to Cabinet, Committees and Sub Committees**

### **25 Appointment of Committees and Application of Procedure Rules**

25.1 The Council may appoint such Committees as it is either required to appoint by statute, or considers necessary to carry out the work of the Council, and may at any time dissolve a committee or alter its membership. (see also Rule 1.2)

25.2 These Procedure Rules will apply, with any necessary modifications, to Cabinet, Committees and sub committees meetings unless there is a specific indication to the contrary.

(NB see also the Cabinet Procedure Rules / Scrutiny Procedure Rules/ My Neighbourhood Procedure Rules)

### **26 Appointment of Chairman and Vice Chairman of Committees**

26.1 The Chairman and Vice Chairman of all Standing Committees (with the exception of the Appeals and Shared Service Committees) will be appointed at the First Business Meeting of the Municipal Year (see rule 1.2 )

26.2 In the absence from the meeting of both the Chairman and Vice Chairman a chairman for that meeting may be appointed by the Committee as appropriate.

26.3 In the event of the position of Chairman or Vice Chairman becoming vacant within the municipal year, or if the Council considers it appropriate to change any position, notice may be given in the Summons for any Ordinary Council Meeting ( see rule 2) and the matter dealt with by full Council.

26.4 My Neighbourhood Forum Chairman are appointed in accordance with the My Neighbourhood Procedure Rules (see rule 1.2 and 2)

## **27 Special Meetings of Cabinet or Committees**

27.1 The Leader may call a special meeting of the Cabinet (see Cabinet Procedure Rules) and any Chairman a special meeting of his/her committee at any time.

27.2 A special meeting of the Cabinet and any Committee may also be called on written request to the Chief Executive by at least one third of the membership. The subject matter to be discussed must be within the terms of reference of the relevant body and the meeting may only consider the specific item set out in the summons. 5 clear days' notice must be given of any special meeting in accordance with the Access to Information Procedure Rules.

## **28. Sub committees**

28.1 Every Committee appointed by the Council may appoint sub- committees for the purpose specified by the Committee.

28.2 The Chairman and Vice Chairman of every sub -committee will be appointed by the parent Committee itself.

## **29 Quorum for Cabinet and Committees and Sub Committees**

29.1 The minimum number of members who must be present for any Cabinet or Committee meeting to proceed is one third of the total membership or 3 members (whichever is the greater). The only exception would be if statute or the Council itself made an alternative provision.

29.2 The minimum number for a sub- committee is one quarter of the total membership or 3 members (whichever is the greater).

29.3 During any meeting if the minimum number is not present then the meeting will adjourn for 15 minutes. If, after 15 minutes, the minimum number of members are still not present the meeting will immediately adjourn to a fixed date and time or the next ordinary meeting.

## **30. Declaration of Interests and Withdrawal from Meetings of Cabinet and Committees and Sub Committees**

30.1 Members should disclose interests as required by the Members Code of Conduct and in the case of a Disclosable Pecuniary Interest must withdraw from the meeting room, unless a dispensation has been granted by the Standards Committee.

30.2 If the interest is such that a member of the public could reasonably regard it as being so significant that it is likely to prejudice a member's judgment of the public interest (see Members Code of Conduct) then a member may make representations on the item but should leave the meeting whilst the item is being discussed.

### **31 Voting in Cabinet, Committees and Sub Committees**

31.1 The provisions of rule 16 in relation to Voting and Recorded Votes apply to meetings of Cabinet, Committees and sub – committees except that a recorded vote may be requested by one member who is supported by 2 other members (or the total number of member's present if less than 3) and the Chairman or Leader will have a casting vote in the event of an equality of votes.

### **32 Members Attendance and Participation at Meetings of Cabinet, Committees and Sub Committees**

32.1 All Councillors are normally entitled to attend meetings of the Cabinet, Committees and sub-committees and may speak and ask questions, make comments or statements on agenda items, but may not vote. (See rule 34 for speaking at Planning Committee)

32.1 Members will normally only be allowed to speak after Cabinet or Committee members have been given the opportunity to do so, but this is at the discretion of the Chairman. Questions, comments or statements which, in the opinion of the Chairman, are inappropriate may be disallowed. Matters relating to confidential issues may be considered after exclusion of the Press or Public under the Access to Information Procedure Rules.

32.3 There is an exception to this rule in the case Neighbourhood Forums and of staffing, disciplinary or quasi-judicial hearings including:

- (a) Standards Committee Hearings
- (b) Appointment and Employment Panel for Statutory Officers
- (c) Licensing Committee Hearings
- (d) Appeals Committee Hearings
- (e) Such other meetings of a similar nature as the Chief Executive, in consultation, with the Monitoring Officer shall determine on an individual basis

### **33. Participation by the Public at Meetings of Cabinet, Committees and Sub Committees**

33.1 Members of the Public may ask questions and make statements or comments during Cabinet, Scrutiny, and Governance meetings which are relevant to items on the agenda. Special rules apply to Planning Committee (see rule 34)

33.2 Members of the Public will normally only be allowed to speak after elected members have been given the opportunity to do so, but this is at the discretion of the Chairman. Questions, comments or statements which, in the opinion of the Chairman, are inappropriate may be disallowed.

33.3 Individual members of the public will be restricted to speaking for a total of five minutes during the whole meeting.

#### **34. Participation by the Public and members of the Council at Planning Committee**

34.1 Whenever a planning application is dealt with by Planning Committee the procedure that will ordinarily be followed is that:-

- (i) Up to five members of the public who wish to speak against an application will be allowed to speak. Each will have up to four minutes in which to state their case.
- (ii) Up to five members of the public who wish to speak in favour of an application will then be allowed to speak. Again each will have up to four minutes in which to state their case.
- (iii) Borough councillors (not on Planning Committee) will then have the opportunity to make representations about the application. Each will have up to four minutes to state their case.
- (iv) The applicant/agent will then be invited to speak in support of the application. Ordinarily he/she will have up to four minutes to speak.
- (v) The application will then be discussed by Committee. At this point members of the public, the applicant and other councillors not on Committee will not be able to speak further.
- (vi) Planning Committee will then take a vote on the matter.

34.2 The Chairman of Planning Committee has discretion to vary these rules when dealing with a particular application if he considers it appropriate. Whenever members of the public speak (whether in opposition to a proposal or in favour of it) they should avoid repeating the same points made by other speakers.

34.3 A varied procedure (to enable more detailed consideration) will be followed when dealing with master plans and outline planning applications relating to Major Sites for Development. This will not apply for subsequent reserved matters or minor applications relating to the Major Sites. Major Sites for Development are those sites defined in the adopted South Ribble Local Plan (2015) and are named as follows:

- C1 Pickering's Farm, Penwortham
- C2 Moss Side Test Track, Leyland
- C3 Land Between Heatherleigh and Moss Lane, Farington Moss
- C4 Cuerden Strategic Site

34.4 The varied procedure for dealing with Major Sites for Development shall be:

- (i) Opportunity for objectors to speak to Planning Committee as follows:
  - Individuals may speak for up to 4 minutes
  - As many individuals will be allowed as possible to speak within a total deadline set at 30 minutes – this may be extended at Chairman's discretion
- (ii) Opportunity for those in favour (other than the applicant) to speak to Planning Committee as follows:
  - Individuals may speak for up to 4 minutes

- As many individuals will be allowed as possible to speak within a total deadline set at 30 minutes – this may be extended at Chairman’s discretion
- (iii) Borough councillors have up to 4 minutes each
- (iv) The applicant is allowed up to 15 minutes to speak
- (v) After this point the application will be brought into Planning Committee with no further questions or answers unless the Chairman allows.

34.5 No paperwork, plans or photographs will be allowed to be circulated by the applicant/agent or member of the public at any meeting of the Planning Committee.

**35 Delegation of Urgent Decisions between Meetings of the Cabinet or a Committee (Nb ORIGINAL – to be reviewed further)**

Where a need for urgent action arises between meetings of the Cabinet or committees, but it is not considered to be sufficient justification for calling a special meeting, such decisions may be taken by the Chief Executive (or other designated officer). The Chief Executive (or other designated officer) shall first consult such of the following members as are available -

- (a) the concerned Cabinet member; or
- (b) the chairman or vice-chairman of the concerned committee and, if the concerned committee could not itself decide the matter under delegated powers, the Leader and Deputy Leader of the Council.

In circumstances where the offices of the concerned Cabinet member, the chairman and vice-chairman of the concerned committee, or the Leader and Deputy Leader of the Council are unfilled, the Chief Executive (or other designated officer) shall first consult the Mayor before taking an urgent decision.

Such consultation shall be in written form and the decision shall be reported to the next scheduled meeting of the Cabinet or committee as appropriate

**36. Resolution of Conflicting Decisions**

If a decision made by the Cabinet is in direct conflict with one passed by any other committee then the matter will be resolved by the Council.

**Updated July 2017**

| REPORT TO                   | ON                      |
|-----------------------------|-------------------------|
| <b>Governance Committee</b> | <b>18 of April 2018</b> |



September 2017

| TITLE  | REPORT OF                         |
|--|-----------------------------------|
| <b>Access to Information Procedure Rules</b> | <b>Interim Monitoring Officer</b> |

|                              |           |
|------------------------------|-----------|
| Is this report confidential? | <b>No</b> |
|------------------------------|-----------|

## 1. PURPOSE OF THE REPORT

At its meetings on the 19<sup>th</sup> of January 2018 and the 13<sup>th</sup> of February 2018 the Governance Committee Working Group looked at proposed new wording for the Access to Information Procedure Rules. This report now seeks formal approval from Governance committee to the proposed new wording prior to its submission to Full Council for final decision.

## 2. RECOMMENDATIONS

**2.1** The Committee consider further and approve the draft Access to Information Procedure Rules at Appendix A prior to submission to Full Council for final decision.

## 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

|   |   |
|---|---|
| Excellence and Financial Sustainability | √ |
| Health and Wellbeing                    |   |
| Place                                   |   |

Projects relating to People in the Corporate Plan:

|        |  |
|--------|--|
| People |  |
|--------|--|

## 4. BACKGROUND TO THE REPORT

**4.1** All Councils are required to have a written Constitution which sets out the Council's internal governance arrangements, approved procedures and protocols. As part of the Corporate Governance Action Plan 2016/17 Members of the Governance Committee agreed to carry out a

thorough review of the Constitution in order to ensure that the Constitution is as clear as possible, completely up to date and fit for purpose.

**4.2** The Access to Information Procedure Rules have been amended on an ad hoc basis to take into account of recent Regulations in 2012 and 2014, but the opportunity has now been taken to review the entire Rules adopting the guidelines set out by the Governance Committee at the start of the process namely:

- Use of plain english
- Clarity of expression
- Consistency of terminology
- Streamlining and simplification of sections
- Improvement of interactive links to allow ease of access within the document itself

**4.3** On the 19<sup>th</sup> of January 2018 and the 13<sup>th</sup> of February 2018 the Governance Committee Working Group gave detailed consideration to the proposed new wording. The suggested amendments to the Access to Information Procedure Rules are set out at Appendix A. The changes that have been made since the earlier Working Group meeting are highlighted with tracked changes. The existing rules are enclosed at Appendix B for ease of reference.

4.4 The Rules have been amended to reduce duplication as in some parts the general rules and those specifically applying to Cabinet which were essentially the same.

## **5. ACCESS TO INFORMATION PROCEDURE RULES**

**5.1** The main changes to note in the document are as follows:

| <b>Paragraph</b>                           | <b>Content</b>  | <b>Justification</b>  |
|--|---|---|
| <b>1.Scope</b>                             | Sets out which meetings the rules apply to.   | Existing section  |
| <b>2. Additional Rights to Information</b> | Indicates does not give any additional rights other than those under the Constitution or the law.   | Existing section  |
| <b>3. Rights to Attend Meetings</b>        | States members of the public may attend all meetings subject only to the exceptions in the rules & cross references to the Council procedure rules.<br>States reporters must have access to reasonable facilities to allow them to make their report. | Existing section – section on reporters moved from elsewhere in the original rules. |
| <b>4. Notices of Meetings</b>              | Sets out requirement to give 5 clear days’ notice of meetings & notify public   | Updates wording within current version  |

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|---|--|--|
| <b>5. Access to Agenda &amp; Reports before the Meeting</b> | Sets out procedure to see reports & agendas prior to the meeting. Indicates Mod Gov app can be downloaded  | Updates wording within current version – adds a commitment to minimum notice period  |
| <b>6. Supply of Copies</b>                                  | Outlines process for obtaining copies of document  | Updates wording within current version   |
| <b>7. Access to Minutes after the meeting</b>               | Outlines entitlement to minutes after the meeting  | Updates wording within current version – adds commitment to publish minutes within a set timescale   |
| <b>8. Background Papers</b>                                 | Sets out procedure to list & inspect background documents  | Simplifies wording within current version  |
| <b>9. Summary of public's rights</b>                        | Sets out requirement to keep a written summary of the public's rights to attend meetings & inspect documents   | Only minor changes to the Existing Provision   |
| <b>10. Exclusion of Access by the Public to Meetings</b>    | Lengthy section which defines exempt & confidential information & when the public may be excluded. Sets out categories of exempt information & the qualifications which apply. | Updates categories of exempt information – additional descriptions relating to Standards Ctees excluded following new legislation<br><br>Rewords & clarifies existing provisions |
| <b>11. Exclusion of Access by the Public to Reports</b>     | Sets out when the public may be excluded. Clarifies reports containing exempt information may be made public upon request if the matter no longer remains exempt.              | Simplifies & clarifies wording within current version  |

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|--|--|---|
| <b>12. Application of the Rules to Cabinet</b>             | States which rules specifically apply to Cabinet   | Updates existing section  |
| <b>13. Cabinet &amp; Decisions</b>                         | Sets out when proceedings of the Cabinet will be held in public.   | Updates wording within current version  |
| <b>14. Procedures prior to private meetings of Cabinet</b> | Sets out the process to be followed to enable the Cabinet to meet in private by giving 28 days' notice in the Forward Plan. If 28 days' notice cannot be given then agreement of the Scrutiny Chair or Mayor is necessary to confirm the matter is urgent & cannot be reasonably deferred. | Existing provision  |
| <b>15. Cabinet Forward Plan – Notice of Key Decisions</b>  | Outlines procedure to make a “key decision” by publishing in a Forward Plan giving 28 days' notice.  | Existing provision  |
| <b>16. Key Decisions – definition</b>                      | Sets out the definition of a “key decision” to include expenditure over £100,000 or having a significant decision on communities living in 2 or more wards.  | A slight amendment to existing provision  |
| <b>17. Key Decisions – general exception</b>               | Outlines the process to be followed where 28 days clear notice cannot be given in the Forward Plan by giving the Scrutiny Chairman 5 clear days' notice of the intention to make a key decision  | Updates wording within current version<br><br>Adds Vice Chairman can consent in Scrutiny Chairman's absence |
| <b>18. Key Decisions – special urgency</b>                 | Where the decision is very urgent & the decision maker cannot give 5 clear days' notice the decision may still be taken with the agreement of the Scrutiny Chairman or Mayor (or Deputies) that the matter is urgent & cannot  | Updates wording within current version  |

|  |   |   |
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|  | reasonably be deferred.   |   |
| <b>19 Reports on Special Urgency Decisions to Council &amp; General Exceptions</b>     | Sets out the requirement that the Leader must report to the next available Council meeting any decision under the special urgency provisions & the Cabinet should report on any decisions where 28 days' notice has not been given. | Updates wording within current version<br>Clarifies that reports should be to the next available Council meeting & not "at such intervals as the Council may determine" |
| <b>20. Reports to the LA where key decision procedure is not followed</b>              | Process to be followed if the Scrutiny Committee considers the key decision notice has not been followed.   | Updates wording within current version  |
| <b>21. Record of Executive Decisions made at meetings</b>                              | Sets out formal requirements to record executive decisions including alternative options & any conflicts of interests   | Updates wording within current version  |
| <b>22. Record of Executive Decisions made by Individual Members or Officers</b>        | Sets out formal requirements to record executive decisions by officers including alternative options & any conflicts of interests   | New provision to capture publication of Officer decisions   |
| <b>23. Recording &amp; Filming of Meetings</b>   | Confirms recording & filming is allowed so long as not disruptive & cross references to Council Procedure Rules   | Main provision is in Council Procedure Rules – cross references for clarity. Old provision prevented filming.   |
| <b>24. Additional Rights of Access to Documents for Members of the Local Authority</b> | Sets out rights of members to see documents before and after cabinet meetings.  | Simplifies & clarifies wording within current version   |

|  |   |   |
|--|---|---|
| <b>25. Additional Rights of Access to Documents for Members of the Scrutiny Committees</b> | Sets out rights of Scrutiny members to see documents before and after cabinet meetings & other meetings including exempt information where they are reviewing or scrutinising a decision. | Simplifies & clarifies wording within current version |
| <b>26. Inspection &amp; Supply of Documents</b>  | General section about inspecting & reproducing documents.   | Existing provision                                    |

## 6. WIDER IMPLICATIONS AND BACKGROUND DOCUMENTATION

### 6.1 Comments of the Statutory Finance Officer

There are no financial implications arising directly from this report.

### 6.2 Comments of the Monitoring Officer

Every Council is required to have a written Constitution which is regularly reviewed and kept up to date.

|   |  |
|---|--|
| <p><b>Other implications:</b></p> <ul style="list-style-type: none"> <li>▶ <b>Risk</b></li> <li>▶ <b>Equality &amp; Diversity</b></li> <li>▶ <b>HR &amp; Organisational Development</b></li> <li>▶ <b>Property &amp; Asset Management</b></li> <li>▶ <b>ICT / Technology</b></li> </ul> | <p>There are no specific risk implications arising from this report</p> <p>There are no specific equality implications arising from this report</p> <p>There are no specific HR implications arising from this report</p> <p>There are no specific Property or asset management implications arising from this report</p> <p>There are no specific ICT implications arising from this report</p> |
|---|--|

## 7. BACKGROUND PAPERS

### Access to Information Procedure Rules

**David Whelan**  
Interim Monitoring Officer

|                |                 |                                |
|----------------|-----------------|--------------------------------|
| Report Author: | Telephone:      | Date:                          |
| David Whelan   | 01772<br>625247 | 20 <sup>th</sup> of March 2018 |

## **4C. ACCESS TO INFORMATION PROCEDURE RULES APPENDIX A**

### **1. Scope**

1.1 These rules apply to meetings of the Council, the Scrutiny Committee, and the Governance Committee, the Standards Committee, Regulatory Committees, quasi-judicial Committees and meetings of the Cabinet (together called "meetings").

1.2 Rules 13 - 25 specifically apply to meetings of the Cabinet.

1.3 These rules do not apply to My Neighbourhood Area meetings (see Neighbourhood Procedure Rules)

### **2. Additional Rights to Information**

2.1 These rules do not affect any more specific rights to information which are contained elsewhere in this Constitution or under any relevant legislation.

### **3. Rights to Attend Meetings**

3.1 Members of the public may attend all meetings subject only to the exceptions set out in these rules. (See also Rules 15 & 33 & 34 Council Procedure Rules (Public Participation))

3.2 When the meeting is open to the public, any person attending the meeting for the purpose of reporting the proceedings will, as far as practicable, have access to reasonable facilities for making their report.

3.3 Elected Members may attend & ask questions under Rules 32 & 34 of the Council Procedure Rules.

### **4. Notices of Meeting**

4.1 The Council will give at least five clear working days' notice of any meeting by posting details of the meeting at the Civic Centre Leyland and on the Council's website.

4.2 In calculating the 5 clear days' notice the day of posting and delivery & the day of the meeting are excluded.

### **5. Access to Agenda and Reports Before the Meeting**

5.1 The Council will make copies of the agenda and reports open to the public available for inspection at the Civic Centre Leyland at least five clear working days before the meeting.

5.2 Agendas and reports are also published on the Council's website at least five clear working days before the meeting. Members of the public may also access agendas by the Mod Gov app which can be downloaded onto personal devices.

5.3 Where a meeting is convened at shorter notice a copy of the agenda and associated reports will be open to inspection from the time the meeting is convened. If an item is added to the agenda later, the revised agenda will be open to inspection from the time the item was added to the agenda.

5.4 Where reports are prepared after the summons has been sent out, the Chief Executive or other Designated Officer will make any such report available to the public as soon as the report is completed and has been sent to members.

5.5 In the circumstances set out in paras 5.3 and 5.4 the Council will always endeavour to publish reports at least three working days before the meeting. Lesser notice than this may only be given if the Mayor (following discussion with the Chief Executive) decides that there are highly exceptional circumstances.

## 6. Supply of Copies

6.1 The Council will supply copies of the following on request to any member of the public or media outlet~~newspaper~~ on payment of a charge for postage and any other reasonable costs:

(a) Any agenda and reports which are open to public inspection

(b) Any further statements or particulars necessary to indicate the nature of the items in the agenda

(c) If the Chief Executive (or other designated officer) thinks fit, copies of any other documents supplied to members in connection with an item;

## 7. Access to Minutes etc After the Meeting

7.1 The Council will make copies of the following available for 6 years after a meeting:

(a) The minutes of the meeting, or records of decisions taken, together with reasons, for all meetings of the Cabinet, excluding any part of the minutes of proceedings when the meeting was not open to the public or which disclose exempt or confidential information

(b) A summary of any proceedings not open to the public where the minutes open to inspection would not provide a reasonably fair and coherent record

(c) The agenda for the meeting

(d) Reports relating to items when the meeting was open to the public.

7.2 The Council will within 10 working days of any meeting aim to publish the minutes of that meeting

## **8. Background Papers**

8.1 The Chief Executive or other Designated Officer will set out in every report a list of those documents (called background papers) relating to the subject matter of the report which in his/her opinion:

(a) Disclose any facts or matters on which the report or an important part of the report is based; and

(b) Which have been relied on to a material extent in preparing the report. This does not include published works or documents which disclose exempt or confidential information (as defined in rule 10 of these Procedural Rules)

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

## **9. Summary of the Public's Rights**

9.1 A written summary of the public's rights to attend meetings and to inspect and copy documents must be kept at and available to the public at the Civic Centre and on the council's Website.

## **10. Exclusion of Access by the Public to Meetings**

10.1 Wherever possible the council aims to conduct all of its meetings in public (please see para 1.1 above for a definition of meeting).

### **10. ~~2~~ Confidential information - requirement to exclude public**

The public must be excluded from meetings whenever it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, that

confidential information would be disclosed.

### 10.32 Meaning of confidential information

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

### 10.43 Exempt information - discretion to exclude public

(a) The public may be excluded from meetings whenever it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, exempt information would be disclosed. However, the public interest in maintaining the exemption must outweigh the public interest in disclosing it. (see Qualification to Categories of Exempt Information at rule 10.55).

(b) Any resolution to exclude the public due to disclosure of exempt information must identify the part of the proceedings to which it applies and the description of the exempt information being used.

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

### 10.4 Meaning of exempt information

Exempt information means information which falls within one or more of the following categories (unless one of the qualifications at 10.55 set out below applies):

| Category & Description  |
|---|
| 1. Information relating to any individual.  |
| 2. Information which is likely to reveal identity of an individual.   |
| 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information). |
| N.B. "Financial or business affairs" includes contemplated, as well as past or current, activities.                                       |

4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

NB Labour relations matters" are as specified in paragraphs (a) to (g) of section 218(1) of the Trade Union and Labour Relations (Consolidation) Act 1992, i.e. matters which may be the subject of a trade dispute.

5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

6. Information which reveals that the authority proposes:

(a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or

(b) to make an order or direction under any enactment.

7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

## 10 5 Qualifications to Categories of Exempt Information

The following qualifications to the categories of exempt information apply:

- Information under Category 3 is not exempt if it is required to be registered under the Companies Act 1985, the Friendly Societies Acts 1974 and 1992, the Industrial and Provident Societies Acts 1965 to 1978, the building Societies Act 1986, or the Charities Act 1993.
- Information under any category is not exempt if it relates to a proposed development for which the Council as the local planning authority may grant itself planning permission under regulation 3 of the Town and Country Planning General Regulations 1992
- Information falling under any category is only exempt information if, and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing it.

- The specified categories of exemptions under The Access to Information Procedure Rules do not apply to Licensing Act 2003 hearings, as these are required to be open to the public.

## 11. Exclusion of Access by the Public to Reports

11.1. If the Chief Executive or other Designated Officer thinks fit, the Council may exclude access by the public to reports which in his or her opinion relate to items during which, in accordance with Rule 10 of these Procedure Rules, the meeting is likely not to be open to the public.

11.2. Any such reports will be marked "Not for publication" together with the category of information likely to be disclosed.

11.3. As a matter of policy, reports containing exempt information will not remain exempt longer than is necessary and accordingly upon request reports will be made public six months after the date of meeting, or sooner, unless the Chief Executive or other Designated Officer is of the opinion that there are overriding reasons for the information to remain exempt.

## 12. Application of Rules to the Cabinet

In addition to Rules 1- 11 the following Procedure Rules<sup>13 -25</sup> apply to the Cabinet (and to any committee of the Cabinet it may establish). These rules are designed to comply with the provisions of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

## 13. Cabinet and Decisions

13.1. Meetings of the Cabinet will be held in public, unless;

- it is likely that exempt or confidential information would be disclosed during all or part of the meeting, or
- procedures are exercised to exclude either an elected member or a member of the public to maintain orderly conduct ( see Rules 18 & 19 of the Council Procedure Rules)

13.2. The public may only be excluded for the part or parts of the meeting during which it is likely that confidential information or exempt information would be disclosed.

**13.3.** Before meeting in private to consider either exempt or confidential information the Cabinet must follow the procedure under Rule 14 below.

#### **14. Procedures prior to Private Meetings of the Cabinet.**

**14.1** At least 28 clear calendar days before the intention to hold a meeting or part of a meeting in private, the Cabinet must include in its "Forward Plan" ( see Rule 15 ) its intention to hold the meeting in private and the reasons for the meeting to be held in private.

**14.2** At least five clear working days before a private meeting, the Cabinet must make available at the offices of the Council a further notice of its intention to hold the meeting in private and publish that notice on the Council's website.

**14.3** The notice must include the reasons for the meeting to be held in private, details of any representations received by the Cabinet about why the meeting should be open to the public and its response to any such representations.

**14.4** Where the date by which a meeting must be held makes compliance with this Rule impracticable, the meeting may only be held in private where the Cabinet has obtained agreement that the meeting is urgent and cannot reasonably be deferred from the chairman of the Scrutiny Committee or, if the chairman of the Scrutiny Committee is unable to act, from the Mayor or, in the absence of both the chairman of the Scrutiny Committee and the Mayor, from the Deputy Mayor of the Council.

**14.5** As soon as reasonably practicable after the Cabinet has obtained agreement to hold a private meeting, it must make available at the offices of the Council a notice setting out the reasons why the meeting is urgent and cannot reasonably be deferred, and publish that notice on the Council's website.

#### **15. Cabinet Forward Plan - Notice of Key Decisions**

**15.1** Where Cabinet intends to make a "key decision" (see definition at Rule 16 ) the decision must not be made until a document, known as "The Cabinet Forward Plan", has been published at the Council's offices and on the Council's website for a period of 28 clear days. This document includes:

- The nature of the decision & who is making it
- The date on which, or the period within which, the decision is to be made;
- A list of any documents available or which become available relating to the decision and from where they can be obtained.

## 16. Key Decisions - definition

A key decision is defined as any decision in relation to a Cabinet function which is either:

- (a). Significant in terms of expenditure or savings. The financial threshold above which a matter becomes "significant" has been set at £100,000 and this figure is applicable to both revenue and capital budgets, **or**
- (b.) Significant in terms of its effect on the communities living in an area comprising two or more Council wards. ~~Significant in this context means important or far reaching.~~

## 17. Key Decisions - General exception

17.1 Where the publication of the intention to make a key decision in the Cabinet Forward Plan giving 28 days' notice is impracticable, that decision may still be taken five clear working days after the Chairman of the Scrutiny Committee (or in his absence the Mayor or Deputy Mayor) has been informed by notice in writing, setting out the nature of the decision and the reasons why compliance with the 28 day notice requirement is impracticable.

17.2 The notice must also be made available at the Council's offices for inspection by the public and published on the Council's website.

## 18. Key Decision - Special Urgency

18.1 Where the date by which a key decision must be made is less than 5 clear working days, the decision may only be made where agreement has been obtained from the chairman of the Scrutiny Committee; or if the chairman of the Scrutiny Committee is unable to act, from the Mayor; or in the absence of both the chairman of the Scrutiny Committee and the Mayor, from the Deputy Mayor of the Council that the making of the decision is urgent and cannot reasonably be deferred.

18.2 As soon as reasonably practicable after agreement that the making of the decision is urgent and cannot reasonably be deferred, a notice setting out the reasons that the meeting is urgent and cannot reasonably be deferred, must be made available at the offices of the Council and published on the Council's website.

## **19. Reports on Special Urgency Decisions to Council & General Exceptions**

**19.1** The Leader must submit a report to the next available Council meeting setting out the details of any executive decision taken as a matter of special urgency under the procedure set out in Rule ~~1820~~ (Key Decision - Special Urgency).

**19.2** The Cabinet must prepare a report to the next available Council meeting setting out the details of any executive decision taken without giving 28 days' notice under the procedure set out in Rule ~~179~~ (Key Decision - General Exception).

## **20. Reports to the local authority where the key decision procedure is not followed**

**20.1** Where an executive decision has been made and was not treated as being a key decision and a Scrutiny Committee is of the opinion that the decision should have been treated as a key decision, the committee may require the Cabinet to submit a report to the Council within such reasonable period as the committee may specify.

**20.2** A report under paragraph (1) must include details of the decision and the reasons for the decision; and if the executive of the Council is of the opinion that the decision was not a key decision, the reasons for that opinion.

## **21. Record of Executive Decisions made at Meetings**

**21.1** As soon as reasonably practicable but after any meeting of the Cabinet at which an executive decision has been made a written statement must be produced & published which includes:

- A record of the decision, including the date it was made & the reasons for the decision
- Details of any alternative options considered and rejected by the Cabinet at the meeting at which the decision was made
- A record of any conflict of interest relating to the decision which is declared by any member of the Cabinet which made the decision, together with a note of any dispensation granted by the Council's Standards Committee.

## **22. Record of Executive Decisions made by ~~Individual Member or~~ Officers**

22.1 As soon as reasonably practicable but after an executive decision has been taken ~~either by an individual member of the Cabinet or~~ Officer a written statement must be produced & published which includes:

- A record of the decision, including the date it was made & the reasons for the decision
- Details of any alternative options considered and rejected by the individual when making the decision
- A record of any conflict of interest relating to the decision which is declared by any member of the Cabinet who was consulted by the Officer ~~or who made the decision~~, together with a note of any dispensation granted by the Council's Standards Committee.

### **23. Recording and Filming of Meetings**

Recording and filming of public meetings of the Cabinet is allowed, unless undertaken in a disruptive manner. (see Rule 20 of the Council Procedure Rules)

### **24. Additional Rights of Access to Documents for Members of Local Authorities**

24.1 Any document which is in the possession or under the control of the Cabinet, and which contains material relating to any business to be transacted at a public meeting, must be available for inspection by any member of the Council for at least five clear working days before the meeting. Where the meeting is convened at shorter notice, the document must be available for inspection when the meeting is convened or where in conjunction with an item ~~is~~ added to the agenda at shorter notice, it must be available for inspection when the item is added to the agenda.

24.2 Any document which is in the possession or under the control of the Cabinet and contains material relating to any business transacted at a private meeting must be available for inspection by any member of the Council when the meeting concludes or where an executive decision is made by an individual member or an officer immediately after the decision has been made.

24.3 Any document which is required to be available for inspection by any member of the Council must be available for inspection, in any event, within 24 hours of the conclusion of the meeting or the decision being made, as the case may be.

24.4 Nothing requires a document to be available for inspection if it appears to the Chief Executive or other Designated Officer that it discloses exempt information of a description within part 1 of Schedule 12A to the 1972 Act

**24. 5** These rights are in addition to any other rights that a member of a local authority may have.

## **25. Additional rights of access to documents for members of scrutiny committees**

**25.1** A member of a Scrutiny Committee of the Council is entitled to receive within 10 clear working days of any request:

(a) a copy of any document which is in the possession or under the control of the Cabinet and contains material relating to any business that has been transacted at a meeting of the Cabinet

(b) a copy of any executive decision that has been made by ~~an individual member of the Cabinet or~~ an Officer

**25. 2** No member of a Scrutiny Committee is entitled to a copy of any such document or part of a document which contains exempt or confidential information, unless that information is relevant to an action or decision that that member is reviewing or scrutinising or to any review contained in any programme of work of the committee

**25. 3** Where the Cabinet determines that a member of a Scrutiny Committee is not entitled to a copy of a document or part of any such document it must provide the Scrutiny Committee with a written statement setting out the reasons.

**25.4** The same rights to access documents also applies in relation to non-Executive functions & any Regulatory Committees or sub Committees.

## **26. Inspection and supply of documents**

**26.1** Any document required by any provision of these Rules to be open to inspection by members of the public must be available for inspection at all reasonable hours at the Council's offices and on the Council's website.

**26.2** Subject to paragraph 26.4, where a document is to be available for inspection by a person under any provision in these Rules, the person may make a copy of the whole or part of the document; or be supplied with a copy of the whole or part of the document, on payment to the Council of postage, copying or other necessary charges.

**26.3** Subject to paragraph 26.4, any member of the public may, in any publicly available medium, reproduce, or provide commentary in relation to any document supplied to that person or made available for inspection by members of the public under these Rules.

**26.4** Where any document required by these Rules to be open to inspection by the public is supplied to or available for inspection by members of the public, or is supplied

for the benefit of any ~~media outlet~~<sup>newspaper</sup>, the publication thereby of any defamatory matter contained in the document is privileged unless the publication is proved to be with malice.

**26.5** Any written record and report of an executive decision or any report must be retained by the Council and, where appropriate, made available for inspection by the public for a period of at least six years from the date on which the decision was made.

**26.6** Any background papers must be retained by the Council and, where appropriate, be available for inspection by the public for a period of at least ~~six~~<sup>four</sup> years from the date on which the decision was made.

**26.7** The rights conferred on any person by these Rules to inspect, copy or be supplied with documents are in addition to any such rights that person may have apart from those under these Rules.



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## **4C. ACCESS TO INFORMATION PROCEDURE RULES APPENDIX B**

### **1. Scope**

These rules apply to all meetings of the Council, the Scrutiny Committee, the Governance committee, the Standards Committee, regulatory committees, quasi-judicial committees and meetings of the Cabinet (together called “meetings”).

These rules do not apply to My Neighbourhood meetings.

### **2. Additional Rights to Information**

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

### **3. Rights to Attend Meetings**

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

### **4. Notices of Meeting**

The Council shall give at least five clear working days’ notice of any meeting by posting details of the meeting at the Civic Centre. (This excludes date of posting and delivery (and a Sunday) before the meeting to which it relates. (Schedule 12 Paragraph 4 of the Local Government Act 1972).

### **5. Access to Agenda and Reports Before the Meeting**

The Council shall make copies of the agenda and reports open to the public available for inspection at the Civic Centre at least five clear working days before the meeting. (This excludes date of posting and delivery (and a Sunday) before the meeting to which it relates. (Schedule 12 Paragraph 4 of the Local Government Act 1972). If an item is added to the agenda later, the revised agenda (where reports are prepared after the summons has been sent out, the Chief Executive [or other designated officer] shall make each such report available to the public as soon as the report is completed and sent to councillors) will be open to inspection for the time the item was added to the agenda.

### **6. Supply of Copies**

The Council shall supply to Councillors copies of:

- (a) any agenda and reports which are open to public inspection, and
- (b) if the Chief Executive (or other designated officer) thinks fit, copies of any other documents supplied to councillors in connection with an item to any person on payment of a charge for postage and any other costs.

### **7. Access to Minutes etc After the Meeting**

The Council shall make the following available for six years after a meeting:

- (a) the minutes of the meeting, or records of decisions taken, together with reasons, for all meetings of the Cabinet, excluding any part of the minutes of proceedings which disclose exempt or confidential information;
- (b) a summary of any proceedings not open to the public where the minutes open to inspection would not provide a reasonably fair and coherent record;

- (c) the agenda for the meeting; and
- (d) reports relating to items when the meeting was open to the public.

## **8. Background Papers**

### **8.1 List of Background Papers**

The Chief Executive (or other designated officer) shall set out in every report a list of those documents (called background papers) relating to the subject matter of the report which in his/her opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) which have been relied on to a material extent in preparing the report but do not include published works or those which disclose exempt or confidential information (as defined in 10 of these Procedural Rules) and in respect of Cabinet reports, the advice of a political advisor.

### **8.2 Public Inspection of Background Papers**

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

## **9. Summary of The Public's Rights**

A written summary of the public's rights to attend meetings and to inspect and copy documents must be kept at and available to the public at the Civic Centre.

## **10. Exclusion Of Access By The Public To Meetings**

### **10.1 Confidential information – requirement to exclude public**

The public must be excluded from meetings whenever it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, confidential information would be disclosed. However the public interest in maintaining the exemption must outweigh the public interest in disclosing it and the reason for its exemption will be included on the agenda for the meeting.

### **10.2 Meaning of confidential information**

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

### **10.3 Exempt information – discretion to exclude public**

The public may be excluded from meetings whenever it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, exempt information would be disclosed. However the public interest in maintaining the exemption must outweigh the public interest in disclosing it and the reason for its exemption will be included on the agenda for the meeting.

Where the meeting will determine any person's civil rights or obligations, or adversely affect their possessions, Article 6 of the Human Rights Act 1998 establishes a presumption that the

meeting will be held in public unless a private hearing is necessary for one of the reasons specified in 10.4.6 below.

#### 10.4 Meaning of exempt information

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

#### **EXEMPT INFORMATION AS DEFINED IN SCHEDULE 12A OF PART I OF THE LOCAL GOVERNMENT ACT 1972 (AS AMENDED WEF 1 MARCH 2006)**

1. Information relating to any individual.
2. Information which is likely to reveal the identity of an individual.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals that the authority proposes –
  - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
  - (b) to make an order or direction under any enactment.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Additional descriptions relating to standards committees:-

- Information which is subject to any obligation of confidentiality;
- Information which relates in any way to matters concerning national security;
- The deliberations of a standards committee or a sub-committee of a standards committee (hearing panel) considering a complaint under the provisions of the Localism Act 2011.

Qualifications:-

- Information relating to the financial or business affairs of any particular person is not exempt if it is required to be registered under: the Companies Act 1985; the Friendly Societies Act 1974; the Friendly Societies Act 1992; the Industrial and Provident Societies Acts 1965 to 1978; the Building Societies Act 1986; or the Charities Act 1993.

- Information relating to proposed development for which the local planning authority may grant itself planning permission under regulation 3 of the Town and Country Planning General Regulations 1992 is not exempt.
- Information in one of the seven categories of exempt information which is not prevented from being exempt by either of the two points described above is exempt if the public interest in maintaining the exemption outweighs the public interest in disclosing it.

### **11. Exclusion of Access by the Public to Reports**

If the Chief Executive (or other designated officer) thinks fit, the Council may exclude access by the public to reports which in his or her opinion relate to items during which, in accordance with Rule 10 of these Procedure Rules, the meeting is likely not to be open to the public. Such reports will be marked "Not for publication" together with the category of information likely to be disclosed.

Reports containing exempt information will not remain exempt longer than is necessary and will be made public six months after the date of meeting or sooner unless the Chief Executive (or other designated officer) is of the opinion that there are overriding reasons for the information to remain exempt.

### **12. Application of Rules to the Cabinet**

Rules 13 – 28 of these Procedure Rules apply to the Cabinet.

### **13. Cabinet and its Committee Meetings and Decisions**

A meeting of the Cabinet must be held in public.

### **14. Key Decisions.**

- A key decision is defined as any decision in relation to a Cabinet function which is likely
  - To result in the Council incurring expenditure which is, or the making of savings which are, significant. (The financial threshold above which expenditure/savings become significant is set at £100,000. This financial threshold is applicable to both the revenue and capital budgets.) or
  - To be significant in terms of its effect on the communities living in an area comprising two or more Council wards.

### **15. The Forward Plan - Notice of Key Decisions and other Decisions of the Cabinet**

Where it is intended to make a decision, that decision must not be made until a document, "The Forward Plan", has been published at the Council's offices and on the Council's website for a period of 28 clear days. This document includes:

- The nature of the decision;
- Who is making the decision;
- The date on which, or the period within which, the decision is to be made;

- A list of any documents available or which become available relating to the decision and from where they can be obtained.

## **16. Procedures prior to meetings of the Cabinet and access to agenda and connected reports for public meetings**

(1) The Cabinet must give notice of the time and place of a meeting at the Council's offices and publish it on the Council's website. Any item of business may only be considered where a copy of the agenda or part of the agenda including the item and every report has been available for inspection by the public and on the Council's website for at least five clear working days before the meeting; or where the meeting is convened at shorter notice, a copy of the agenda, including the item, has been available for inspection by the public from the time that the meeting was convened.

(2) However nothing in paragraph (1) requires a copy of the agenda, item or report to be available for inspection by the public until a copy is available to members of the Cabinet.

(3) Following a request made by a member of the public, or on behalf of a newspaper and on payment being made of postage, copying or other necessary charge for transmission, the Council must supply to that person or newspaper a copy of the agenda for a public meeting and a copy of each of the reports for consideration at the meeting and, if the proper officer thinks fit in the case of any item, a copy of any other document supplied to Cabinet in connection with the item.

(4) Any person attending the meeting for the purpose of reporting the proceedings is, so far as practicable, to be afforded reasonable facilities for taking a report.

## **17. Meetings of Cabinet and its committees from which the Public is excluded**

(1) The public may be excluded from a meeting of the Cabinet during an item of business whenever it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during that item, confidential information would be disclosed to them in breach of the obligation of confidentiality or the Cabinet passes a resolution to exclude the public during that item where it is likely that, in view of the nature of the item of business, if members of the public were present during that item, exempt information would be disclosed to them; or a lawful power is used to exclude a member or members of the public in order to maintain orderly conduct or prevent misbehaviour at a meeting.

(2) A resolution to exclude the public must identify the proceedings, or the part of the proceedings to which it applies, and state, by reference to the descriptions in Schedule 12A to the 1972 Act (access to information: exempt information), the description of exempt information giving rise to the exclusion of the public.

(3) The public may only be excluded for the part or parts of the meeting during which it is likely that confidential information or exempt information would be disclosed.

## **18. Procedures prior to private meetings**

(1) At least 28 clear calendar days before a private meeting, the Cabinet must include in its "Forward Plan" its intention to hold the meeting in private and the reasons for the meeting to be held in private.

(2) At least five clear working days before a private meeting, the Cabinet must make available at the offices of the Council a further notice of its intention to hold the meeting in private and publish that notice on the Council's website.

(3) The notice must include the reasons for the meeting to be held in private, details of any representations received by the Cabinet about why the meeting should be open to the public and its response to any such representations.

(4) Where the date by which a meeting must be held makes compliance with this Rule impracticable, the meeting may only be held in private where the Cabinet has obtained agreement that the meeting is urgent and cannot reasonably be deferred from the chairman of the Scrutiny Committee or, if the chairman of the Scrutiny Committee is unable to act, from the Mayor or, in the absence of both the chairman of the Scrutiny Committee and the Mayor, from the Deputy Mayor of the Council.

(5) As soon as reasonably practicable after the Cabinet has obtained agreement to hold a private meeting, it must make available at the offices of the Council a notice setting out the reasons why the meeting is urgent and cannot reasonably be deferred, and publish that notice on the Council's website.

#### **19. General exception and Cases of special urgency**

(1) Where the inclusion of the intention to make a key decision in the Forward Plan is impracticable, that decision may only be made five clear working days after the chairman of the Scrutiny Committee has been informed by notice in writing, setting out the nature of the decision and the reasons why compliance is impracticable.

(2) The notice must also be made available at the Council's offices for inspection by the public and published on the Council's website.

(3) Where the date by which a key decision must be made is less than 5 clear working days, the decision may only be made where agreement has been obtained from the chairman of the Scrutiny Committee; or if the chairman of the Scrutiny Committee is unable to act, from the Mayor; or in the absence of both the chairman of the Scrutiny Committee and the Mayor, from the Deputy Mayor of the Council that the making of the decision is urgent and cannot reasonably be deferred.

(4) As soon as reasonably practicable after agreement that the making of the decision is urgent and cannot reasonably be deferred, a notice setting out the reasons that the meeting is urgent and cannot reasonably be deferred, must be made available at the offices of the Council and published on the Council's website.

#### **20. Recording of executive decisions made at meetings**

(1) As soon as reasonably practicable after any meeting of the Cabinet at which an executive decision was made, the proper officer must ensure that a written statement is produced for every executive decision made which includes:

- A record of the decision, including the date it was made;
- A record of the reasons for the decision;
- Details of any alternative options considered and rejected by the Cabinet at the meeting at which the decision was made;
- A record of any conflict of interest relating to the decision which is declared by any member of the Cabinet which made the decision; and

- In respect of any declared conflict of interest, a note of dispensation granted by the Council's Standards Committee.

## **21. Inspection of documents following executive decisions**

(1) After a meeting of the Cabinet at which an executive decision has been made, or after an individual member or an officer has made an executive decision, the proper officer must ensure that a copy of any records prepared and any report considered must be available for inspection by members of the public, as soon as is reasonably practicable, at the Council offices and on the Council's website.

(2) Where a request on behalf of a newspaper is made for a copy of any of the documents available for public inspection under paragraph (1), those documents must be supplied to the newspaper on payment by the newspaper of postage, copying or other necessary charge for transmission.

## **22. Inspection of background papers**

When a copy of the report for a meeting is made available for inspection by members of the public, a list of the background papers to the report must be included at the same time, and at least one copy of each of the documents included in that list must be available for inspection by the public at the offices of the Council and on the authority's website.

## **23. Additional rights of access to documents for members of local authorities**

(1) Any document which is in the possession or under the control of the Cabinet, and contains material relating to any business to be transacted at a public meeting, must be available for inspection by any member of the Council for at least five clear working days before the meeting. Where the meeting is convened at shorter notice, such a document must be available for inspection when the meeting is convened; where an item is added to the agenda at shorter notice, it must be available for inspection when the item is added to the agenda.

(2) (i) Any document which is in the possession or under the control of the Cabinet and contains material relating to any business transacted at a private meeting;

(ii) any decision made by an individual member in accordance with executive arrangements; or

(iii) any decision made by an officer in accordance with executive arrangements, must be available for inspection by any member of the Council when the meeting concludes or where an executive decision is made by an individual member or an officer immediately after the decision has been made.

(3) Any document which is required to be available for inspection by any member of the Council must be available for such inspection, in any event, within 24 hours of the conclusion of the meeting or the decision being made, as the case may be.

(4) Nothing requires a document to be available for inspection if it appears to the proper officer that it discloses exempt information of a description within paragraph 3 of Schedule 12A to the 1972 Act (except to the extent that the information relates to any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract); or paragraph 6 of Schedule 12A to the 1972 Act.

(5) The rights conferred by paragraphs (1) and (3) are in addition to any other rights that a member of a local authority may have.

#### **24. Additional rights of access to documents for members of scrutiny committees**

(1) A member of a scrutiny committee of the Council is entitled to:

- (i) a copy of any document which is in the possession or under the control of the Cabinet and contains material relating to any business that has been transacted at a meeting of the Cabinet of that authority;
- (ii) any decision that has been made by an individual member of that Cabinet in accordance with executive arrangements; or
- (iii) any decision that has been made by an officer of the authority in accordance with executive arrangements.

(2) Where a member of a scrutiny committee requests a document which falls within paragraph (1), the executive must provide that document as soon as reasonably practicable and in any case no later than 10 clear working days after the executive receives the request.

(3) No member of a scrutiny committee is entitled to a copy of any such document or part of a document as contains exempt or confidential information unless that information is relevant to:

- (i) an action or decision that that member is reviewing or scrutinising; or
- (ii) any review contained in any programme of work of such a committee or sub-committee of such a committee.

(4) Where the Cabinet determines that a member of a scrutiny committee is not entitled to a copy of a document or part of any such document for a reason set out in paragraph (1) or (3), it must provide the scrutiny committee with a written statement setting out its reasons for that decision.

#### **25. Reports to the local authority where the key decision procedure is not followed**

(1) Where an executive decision has been made and was not treated as being a key decision and a scrutiny committee is of the opinion that the decision should have been treated as a key decision, that scrutiny committee may require the executive which is responsible for the decision to submit a report to the Council within such reasonable period as the committee may specify.

(2) A report under paragraph (1) must include details of the decision and the reasons for the decision; and if the executive of the Council is of the opinion that the decision was not a key decision, the reasons for that opinion.

#### **26. Executive reports to Council**

(1) The Leader must submit to the Council, at such intervals as may be determined by the Council, a report containing details of each executive decision taken during the period since the last report was submitted where the making of the decision was taken without the full 28 day notice period.

(2) A report submitted for this purpose must include particulars of each decision made.

(3) The Leader must submit at least one report annually to the Council.

#### **27. Confidential information, exempt information.**

(1) Nothing in these Rules is to be taken to authorise or require the disclosure of confidential information in breach of the obligation of confidentiality.

(2) Nothing in these Rules authorises or requires a local authority to disclose to the public or make available for public inspection any document or part of any document if, in the opinion of the proper officer, that document contains confidential or exempt information.

(3) Nothing in these Rules requires the Cabinet to permit the taking of any photographs of any proceedings or the use of any means to enable persons not present to see or hear any proceedings (whether at the time or later), or the making of any oral report on any proceedings as they take place.

## **28. Inspection and supply of documents**

(1) Any document required by any provision of these Rules to be open to inspection by members of the public must be available for inspection at all reasonable hours at the Council's offices and on the Council's website.

(2) Subject to paragraph (4), where a document is to be available for inspection by a person under any provision in these Rules, the person may make a copy of the whole or part of the document; or be supplied with a copy of the whole or part of the document, on payment to the Council of postage, copying or other necessary charges.

(3) Subject to paragraph (4), any member of the public may, in any publicly available medium, reproduce, or provide commentary in relation to any document supplied to that person or made available for inspection by members of the public under these Rules.

(4) Where any document required by these Rules to be open to inspection by the public is supplied to or available for inspection by members of the public, or is supplied for the benefit of any newspaper, the publication thereby of any defamatory matter contained in the document is privileged unless the publication is proved to be with malice.

(5) Any written record and report of an executive decision or any report must be retained by the Council and, where appropriate, made available for inspection by the public for a period of at least six years from the date on which the decision was made.

(6) Any background papers must be retained by the Council and, where appropriate, be available for inspection by the public for a period of at least four years from the date on which the decision was made.

(7) The rights conferred on any person by these Rules to inspect, copy or be supplied with documents are in addition to any such rights that person may have apart from those under these Rules.



| REPORT TO                   | ON                   |
|-----------------------------|----------------------|
| <b>Governance Committee</b> | <b>18 April 2018</b> |



September 2017

| TITLE                        | REPORT OF                         |
|------------------------------|-----------------------------------|
| <b>Whistleblowing Policy</b> | <b>Interim Monitoring Officer</b> |

|                              |           |
|------------------------------|-----------|
| Is this report confidential? | <b>No</b> |
|------------------------------|-----------|

## 1. PURPOSE OF THE REPORT

An updated draft Whistleblowing Policy is submitted to the Governance committee for their approval.

## 2. RECOMMENDATIONS

2.1 That Committee consider and approve the draft Whistleblowing policy at Appendix A.

## 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

|   |   |
|---|---|
| Excellence and Financial Sustainability | √ |
| Health and Wellbeing                    |   |
| Place                                   |   |

Projects relating to People in the Corporate Plan:

|        |  |
|--------|--|
| People |  |
|--------|--|

## 4. BACKGROUND TO THE REPORT

4.1 As members will be aware the council has a suite of corporate policies in place covering a wide range of governance issues – for example Money Laundering, Prosecutions and Combating Fraud. Periodically these documents need to be reviewed and updated.

**4.2** The Whistleblowing Policy has not been properly reviewed since 2014. In 2017 there was a minor update to reflect the fact that the previous Monitoring Officer had left the council's employment. A copy of the previous Whistleblowing Policy can be found at Appendix B.

**4.3** Members will recall that in 2017 Weightmans Solicitors carried out an investigation into the leaking of confidential licensing material. As part of their report they suggested an Action Plan for how we improve our handling of confidential material. As part of this process they suggested that we should review our Whistleblowing policy to make sure that it is still up to date.

**4.4** A review of this policy has now been carried out. Policies elsewhere were compared and contrasted with our previous policy. Overall it was considered that our existing policy was essentially a sound document but that it could be clarified and simplified.

**4.5** On the 13<sup>th</sup> of February 2018 the Governance Committee Working Group considered this draft policy. Following on from that meeting some changes have been made to the document. The front sheet has been changed so as to make it clear that it is not just employees who may use the whistleblowing procedures but also councillors, partners and members of the public. A new section has also been added entitled "Independent Advice" which explains that there are also other agencies where concerns can be raised.

**4.6** Once the document has been eventually agreed and finalised then it is considered desirable that training for staff should be provided.

## **5. WHISTLE BLOWING POLICY**

**5.1** The main changes to note in the document are as follows:

| <b>Paragraph</b>           | <b>Content</b>  | <b>Justification</b>  |
|----------------------------|---|---|
| <b>Forward</b>             | Essentially this is a statement of intent   | Updates wording within current version  |
| <b>1. Introduction</b>     | A statement of the council's commitment and to what we expect from others – whether employees or not      | Updates wording within current version – only minor changes   |
| <b>2. Aim and Scope</b>    | A statement of the aims of the policy and the scope of its application                                    | The wording is simplified and hopefully more readable   |
| <b>3. Legal Background</b> | It sets out in broad terms the statutory content to this – namely the Public Interest Disclosure Act 1998 | This is a new section. The content was previously found in different parts of the old policy – see 7.3. |

|  |  |  |
|--|--|--|
| <b>4. Raising a Concern</b>                    | This sets out how a concern may be raised.   | The wording is essentially the same to the previous section 3 in the old Policy                |
| <b>5. How the Council will respond</b>         | This sets out how the council will respond to any whistleblowing concerns                    | The wording is essentially the same to the previous section 4 in the old Policy                |
| <b>6. Support for Employees</b>                | This section sets out how the council will protect employees who have raised concerns        | The wording is largely the same to the previous section 5 in the old Policy                    |
| <b>7. Links to other Procedures</b>            | Contains details of other linked procedures – grievance, safeguarding, health and safety etc | The wording is essentially the same to the previous section 6 in the old Policy                |
| <b>8. Definitions and Explanation of Terms</b> | Sets out key definitions   | There is less information here now as some of the material is now covered by the new Section 3 |
| <b>9. Responsible Officer</b>                  | Designates the Monitoring Officer as being the responsible Officer                           | The same wording as the previous section 8   |
| <b>10. Training, Review and Oversight</b>      | Provisions about review of the policy and assessment of its effectiveness                    | The wording is largely the same to the previous section 9 in the old Policy                    |
| <b>11. Independent Advice</b>                  | Essentially provides an explanatory note for the information contained in Appendix 2         | Entirely new Section   |

## 6. WIDER IMPLICATIONS AND BACKGROUND DOCUMENTATION

### 6.1 Comments of the Statutory Finance Officer

There are no financial implications arising directly from this report.

### 6.2 Comments of the Monitoring Officer

Every Council is required to have a written Constitution which is regularly reviewed and kept up to date.

|  |  |
|--|--|
| <b>Other implications:</b>                   |  |
| ▶ <b>Risk</b>                                | There are no specific risk implications arising from this report                         |
| ▶ <b>Equality &amp; Diversity</b>            | There are no specific equality implications arising from this report                     |
| ▶ <b>HR &amp; Organisational Development</b> | There are no specific HR implications arising from this report                           |
| ▶ <b>Property &amp; Asset Management</b>     | There are no specific Property or asset management implications arising from this report |
| ▶ <b>ICT / Technology</b>                    | There are no specific ICT implications arising from this report                          |

## 7. BACKGROUND PAPERS

None

**David Whelan**  
**Interim Monitoring Officer**

|                |                 |                                |
|----------------|-----------------|--------------------------------|
| Report Author: | Telephone:      | Date:                          |
| David Whelan   | 01772<br>625247 | 22 <sup>nd</sup> of March 2018 |

# Whistleblowing Policy

## March 2018

For Employees, Councillors, Partners and Members of the Public



## **C O N T E N T S**

Forward - Page 3

1. Introduction - Page 4
2. Aim and Scope – Page 5
3. What is the legal background? - Page 7
4. Raising a Concern – Page 8
5. How the Council will respond – Page 9
6. Support for Employees - Page 10
7. Links to other procedures – Page 12
8. Definitions & explanation of terms – Page 13
9. Responsible Officer – Page 14
10. Training, Review and Oversight - Page 14
11. Independent Advice – Page 14

## **A P P E N D I C E S**

- 1 Internal Contacts
- 2 External Contacts
- 3 Reports made under the Whistleblowing procedure
- 3a Advice given by contacts

## **FORWARD**

South Ribble Borough Council (the council) is committed to ensuring that it, and the people working for it, complies with the highest standards of openness, probity and accountability. In line with that commitment, it expects and encourages all employees to maintain high standards in accordance with the Code of Conduct for Council Employees. This Policy aims to encourage workers with serious concerns about any aspect of the council's work to come forward and voice those concerns, so that they can be investigated effectively.

This council is fully committed to supporting employees who come forward with allegations of wrongdoing and will as so far is possible ensure that complete confidentiality is maintained.

Like other policies, the Whistleblowing Policy, when invoked can start a process; it is therefore of paramount importance that the correct process is being used – the Whistleblowing Policy is designed to investigate serious allegations of wrongdoing; the council has other policies for less serious investigations. Like most things, it will come down to individual judgement and the reasonableness and proportionality tests.

Whether or not it is the Whistleblowing Policy that is appropriate, the Chief Executive and the rest of the Leadership Management Team are unambiguously committed to taking seriously any and all allegations of wrongdoing – serious or otherwise.

**Heather McManus**

**Chief Executive**

## 1. INTRODUCTION

- 1.1 Employees are often the first to realise that there may be something seriously wrong within the council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the organisation. They may also fear bullying, harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may be a suspicion of malpractice.
- 1.2 The council is committed to the highest possible standards of openness, professionalism and accountability. We expect employees, councillors, partners, members of the public and others that we deal with, who have serious concerns about any aspect of the council's work, to come forward and tell us about them. This policy forms part of the council's governance arrangements.
- 1.3 The council is very mindful of the increased importance of working with partners in all areas of its activities. In these circumstances, the council shall ensure that its partners and all companies, with whom it is contracted, will be fully informed of the procedures we have in place for whistleblowing.
- 1.4 Employees can raise concerns without fear of victimisation, subsequent discrimination or disadvantage. Employees/workers who raise a concern are protected by the Public Interest Disclosure Act 1998 which is incorporated into the Employment Rights Act 1996. This Whistleblowing Policy is intended to encourage and enable employees to raise serious concerns within the council, rather than overlooking a problem or 'blowing the whistle' outside. A whistleblower is a witness, not a complainant.
- 1.5 The Policy applies to all employees, elected members and those contractors working for the Council on its premises, for example, volunteers, agency staff, builders, and drivers. It also covers suppliers

and those providing services under a partnership arrangement with the Council. Members of the public are also encouraged to report their concerns via this Policy.

1.6 This Policy complies with relevant legislation and statutory provisions.

## **2. AIM AND SCOPE OF THIS POLICY**

2.1 This Policy aims to:

- encourage employees to feel confident in raising serious concerns;
- provide guidance on how to raise those concerns and be given feedback on any action taken;
- ensure that those who raise a concern receive a response to their concerns and that they are aware of how to pursue them if they are not satisfied;
- reassure employees that they will be protected from possible reprisals or victimisation if they have a reasonable belief that they have made any disclosure in good faith;
- give a clear message that disclosures of serious misconduct or impropriety are taken seriously;
- ensure that where the disclosure proves to be well founded, the individuals responsible for such serious misconduct or wrongdoing will be held accountable for their actions; and

- set out what employees can expect by way of confidentiality and protection when making a whistleblowing disclosure; and

2.2 All employees have a legal and moral responsibility to report improper acts and omissions. In some circumstances, failure to raise such concerns may amount to a breach of contract or law.

2.3 There are existing procedures in place to enable employees to lodge a grievance relating to their own employment. This Whistleblowing Policy is intended to cover major concerns that fall outside the scope of other procedures. These include any disclosure of information which the employee reasonably believes to show one of the following:

- conduct which is an offence or a breach of law;
- failure to comply with a legal obligation;
- disclosures related to miscarriages of justice (e.g. failure to provide evidence in a criminal investigation, perjury);
- health and safety risks, including risks to the public as well as other employees;
- damage to the environment;
- the unauthorised use of public funds;
- possible fraud, corruption, bribery, or money laundering;
- sexual or physical abuse of clients;
- other improper or unethical conduct; and

- deliberate covering up of information relating to any of the above.
- abuse of power or authority;
- failure to comply with professional standards, Council policies or codes of practice/ conduct.

### 3. WHAT IS THE LEGAL BACKGROUND?

3.1 The Public Interest Disclosure Act 1998 ( 'the Act') (as amended by the Enterprise and Regulatory Reform Act 2013) protects employees against detrimental treatment or dismissal as a result of any disclosure of normally confidential information in the interests of the public. The Act only covers protected disclosures under six categories, namely:

- crime
- illegality
- miscarriage of justice
- damage to health and safety
- damage to the environment
- "cover ups" about these issues

3.2 This disclosure will be protected if the worker discloses:

- a) in course of obtaining legal advice;
- b) to the employer;
- c) in certain circumstances to a Minister of the Crown;
- d) to a 'prescribed person' reasonably believing that the information and any allegation contained within it are substantially true. The Secretary of State prescribes by list both the identity of the prescribed person (usually regulatory body) and its remit;
- e) to any person or body provided that a number of detailed conditions are satisfied. Those conditions include a requirement that the worker does not make the disclosure for

purposes of personal gain and a requirement that it is reasonable to make the disclosure in the circumstances. A further section makes provision for a disclosure of an exceptionally serious failure to any person or body.

3.3 The Act makes it unlawful for an employer to dismiss or subject a worker to a detriment for having made a 'protected disclosure' of information. The protection provided by the Act is not subject to any qualifying period of employment and so is referred to as a 'day one' right in employment law.

## **4. RAISING CONCERNS**

### **4.1. How does an employee raise a concern?**

4.1.1 Employees who have a genuine concern about malpractice in the workplace should normally raise this in the first instance with the Monitoring Officer. If it is considered that there is a conflict of interest arrangements will be made for either the Deputy Monitoring Officer or another independent person be assigned to investigate.

4.1.2 Directors / Heads of Service must **NOT** make enquiries or investigate any allegation themselves as this could jeopardise any resulting investigation.

4.1.3 Any report of suspected fraud should be referred to the Head of Shared Assurance Services for the concern to be investigated in accordance with the Anti-Fraud and Corruption Strategy and the Fraud Response Plan.

Any matter relating to an elected member should be reported to the Monitoring Officer.

### **4.2. How does an elected member raise a concern?**

4.2.1 Elected members who have a genuine concern about malpractice should raise the concern with the Monitoring Officer.

4.3. **How do those external to the Authority for example contractors, suppliers or members of the public, raise a concern?**

4.3.1 The Authority encourages those external to the Authority who suspect fraud and/or corruption to contact the Head of Shared Assurance Services. (See Appendix 1 below for contact details). The earlier the concern is raised the easier it will be to take action.

**5. HOW THE COUNCIL WILL RESPOND**

5.1 The Council will respond to all concerns raised. The relevant Whistleblowing Contact will formally record the allegation (Appendix 3) and determine the action to be taken.

The matters raised may:

- be investigated by the Monitoring Officer
- be referred to the Police;
- be referred to the external auditor; or
- form the subject of an independent inquiry.

5.2 Within five working days of you raising a concern, the Whistleblowing Contact will write to you to:

- acknowledge the concern;
- tell you if further action is being taken;
- where applicable, tell you how long it is likely to take to give you a final response; and

- tell you about the support available to you.

A record will be kept of the advice given in each case (Appendix 3a).

5.3 So that you know that your concern has been dealt with properly - and following the conclusion of the investigation and subject to any necessary legal constraints - the Whistleblowing Contact will write to you to inform you of the outcome. However, this will not include details of any disciplinary action, which will remain confidential to the individual concerned.

## **6 SUPPORT FOR EMPLOYEES**

6.1 The Council will not tolerate any bullying, harassment or victimisation (including informal pressures) and will take appropriate action to protect employees when they raise a concern in good faith.

If any employee believes that they are suffering a detriment for having raised a concern they should report this. Subjecting an employee to a detriment means “any disadvantage”. This could include (but is not limited to) any of the following:

- failure to promote
- denial of training
- closer monitoring
- ostracism
- blocking access to resources
- unrequested re-assignment or re-location
- demotion
- suspension
- disciplinary sanction
- bullying or harassment
- victimisation
- dismissal
- failure to provide an appropriate reference

- failing to investigate a subsequent concern

6.2 Any employee who subjects another employee to a detriment for raising their concerns will themselves be subject to a disciplinary sanction.

6.3 The Council recognises that the decision to report a concern can be a difficult one to make. If an employee believes that what they are saying is true, they should have nothing to fear as they will be doing their duty to their employer and those for whom they are providing a service.

6.4 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary, redundancy or other procedures that already affect employees.

6.5 Employees who raise concerns or who are the subject of an investigation can access confidential counselling via Human Resources.

## **6.6 Confidentiality**

6.6.1 All concerns will be treated in confidence and every effort will be made not to reveal an employee's identity if they so wish.

6.6.2 In some cases confidentiality may not be possible, for instance if an employee reports abuse or a criminal offence or the disclosure is otherwise required by law. If it does become necessary to reveal an employee's identity they will be consulted before this action is taken.

## **6.7 Anonymous Allegations**

6.7.1 The Council encourages whistleblowers to put their name to an allegation whenever possible. Concerns expressed anonymously are much harder to investigate but will be considered at the discretion of the Whistleblowing Contact.

6.7.2 In exercising this discretion the factors to be taken into account would include the seriousness of the issues raised and the likelihood of confirming the allegation.

## 6.8 Untrue Allegations

6.8.1 If an employee makes an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them. If, however, an employee makes an allegation frivolously or maliciously, disciplinary action may be taken against them.

## 7 LINKS TO OTHER PROCEDURES

7.1 There may be an existing procedure which specifically deals with your particular concern and you should normally follow the appropriate procedure. Human Resources or one of the Whistleblowing Contacts will be able to advise you on this.

- a) If you have a grievance associated with your employment, you should follow the *Grievance Procedure*.
- b) If you have a complaint about bullying or harassment, you should follow the *Bullying and Harassment Procedure*.
- c) If you have a complaint about discrimination, as defined in the *Equal Opportunities Policy*, then you should inform Human Resources.
- d) If a member of the public complains about a fellow employee or some action taken by the Authority, you should direct them to the *Complaints Procedure*.
- e) If you have a concern about a Health and Safety issue, you should contact the Health and Safety Officer.
- f) If you have a concern relating to the actions of an elected member, you should report this to the Monitoring Officer.

- g) If you have a concern relating to safeguarding (CSE, Prevent and Counter Terrorism), you should report this to the Designated Safeguarding Officer.

## **8 DEFINITIONS & EXPLANATION OF TERMS**

### **8.1 Employees**

'Employees' and 'Workers' in this Policy are as defined in the Public Interest Disclosure Act 1998

### **8.2 Whistleblowing**

"The raising of a concern, either within the workplace or externally, about a danger, risk, malpractice or wrongdoing which affects others" (Whistleblowing Commission)

### **8.3 Settlement Agreements**

8.3.1 The council when drafting settlement agreements will not include a clause which precludes a worker from making a protected disclosure.

### **8.4 Good Faith**

8.4.1 Employees are protected if they have an honest and reasonable belief or concern, whether this turns out to be true or not. Disclosures must not be malicious or made in pursuit of a personal grudge.

### **8.5 Fraud**

8.5.1 The Fraud Act 2006 refers to fraud being committed by:

- false representation
- failing to disclose  
information
- abuse of position

8.5.2 For practical purposes, fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

## **9 THE RESPONSIBLE OFFICER**

9.1 The Monitoring Officer is responsible for the maintenance and operation of this Policy and Procedure.

## **10. TRAINING, REVIEW & OVERSIGHT**

10.1 The Policy will be reviewed annually by the Monitoring Officer and should the Policy require substantial amendments Governance Committee approval will be sought. The revised Policy will be published on Connect, Member Connect and the Council's website.

10.2 The Council will arrange for periodic audits of the effectiveness of the Policy and the results will be reported to the Governance Committee.

10.3 The Council's Annual Governance Statement will also specify the number and types of concerns raised; any relevant litigation and levels of employee awareness, trust and confidence in the arrangements.

## **11. INDEPENDENT ADVICE**

11.1 In addition to the procedures outlined in this policy – or in the event that a complainant is unhappy with the response from the council – then independent advice may be sought from those organisations listed in Appendix 2. Guidance is provided in Appendix 2 as to what type of issues are covered by the respective organisations.

## APPENDIX 1 – Internal Contacts\*

| <b>Internal Whistleblowing Contacts</b>  |                |
|--|----------------|
| David Whelan (Interim Monitoring Officer) <a href="mailto:dwhelan@southribble.gov.uk">dwhelan@southribble.gov.uk</a>             | ☎ 01772 625247 |
| Heather MacManus, Chief Executive<br><a href="mailto:jhunter@southribble.gov.uk">jhunter@southribble.gov.uk</a>                  | ☎ 01772 625301 |
| Garry Barclay, Head of Shared Assurance Services<br><a href="mailto:gbarclay@southribble.gov.uk">gbarclay@southribble.gov.uk</a> | ☎ 01772 625272 |
| Jennifer Mullin, Designated Safeguarding Officer<br><a href="mailto:jmullin@southribble.gov.uk">jmullin@southribble.gov.uk</a>   | ☎ 01772 625329 |
| General Fraud Hotline  | ☎ 01772 625251 |
| <b>Other Contact Numbers</b>   |                |
| Unison   | ☎ 01772 625506 |
| Benefit Fraud Helpline   | ☎ 01772 625254 |

(The names of individuals may need updating from time to time as post holders change).

## APPENDIX 2 – External Contacts (and the matters they would deal with)

|   |   |
|---|---|
| National Audit Office   | ☎ 020 7798 7999<br><br>or write to:<br><br>The Comptometer & Auditor General<br>National Audit Office<br>157-197 Buckingham Palace Road<br>London<br>SW1 9SP                                    |
| Criminal Cases Review Commission<br><i>(Actual or potential miscarriages of justice)</i>  | Alpha Tower, Suffolk Street, Queensway, Birmingham, B1 1TT<br>☎ (0121) 633 1800   |
| HM Revenue and Customs<br><i>(VAT, insurance premium tax, excise duties, landfill tax, import and export of prohibited or restricted goods)</i> | Customs Confidential, Freepost SEA 939, PO Box 100, Gravesend, Kent, DA12 2BR<br><br>☎ (0800) 595000  |
| The Information Commissioner<br><i>(Compliance with data protection legislation)</i>  | The Office of the Information Commissioner, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF<br><br>☎ (0303) 123 1113  |
| The Environment Agency<br><i>(Acts or omissions which have an actual or potential effect on the environment)</i>                                | Rio House, Waterside Drive, Aztec West, Almondsbury, Bristol, BS12 4UD<br><br>☎ (0800) 807060   |
| Health and Safety Executive<br><i>(Health and safety at work)</i>   | Information Centre, Broad Lane, Sheffield, S3 7HQ<br><br>☎ (0541) 545500  |
| Local Government Ombudsman<br><i>(Council maladministration)</i>  | The Local Government Ombudsman<br>PO Box 4771, Coventry, CV4 0EH<br><br>☎ 0845 602 1983   |
| Public Concern at Work <i>(free confidential advice on Whistleblowing)</i>  | Public Concern at Work<br>3rd Floor, Bank Chambers<br>6 - 10 Borough High Street<br>London SE1 9QQ<br><br>☎ 020 7404 6609 or email <a href="mailto:helpline@pcaw.co.uk">helpline@pcaw.co.uk</a> |

☎ **One of the contacts listed above is likely to be relevant for your particular concern. If this is not the case, or you are unsure who to contact, Public Concern at Work will be able to advise you.**

## APPENDIX 3 - Report Made Under the Whistleblowing Procedure

South Ribble Borough Council is committed to the highest possible standards of openness, professionalism and accountability. In line with that commitment we expect employees, partners, members of the public and others that we deal with, who have serious concerns about any aspect of the Council's work, to come forward and voice those concerns.

|  |  |
|--|--|
| <p><b>Description of the Concern.</b></p> <p>Where possible include:</p> | <ul style="list-style-type: none"> <li>• <b>Date(s) of incident(s)</b></li> <li>• <b>Who was involved</b></li> <li>• <b>Why this is a concern</b></li> <li>• <b>Whether there were any other witnesses</b></li> <li>• <b>Whether you have tried to raise this with your manager</b></li> <li>• <b>What the result was</b></li> </ul> |
|--|--|

**Continue on separate sheet if necessary**

You are encouraged to put your name to this report. Concerns expressed anonymously are much harder to investigate but will be considered at the discretion of the Whistleblowing Contact.

|                 |  |                               |  |
|-----------------|--|-------------------------------|--|
| <b>Name:</b>    |  | <b>Service:</b>               |  |
| <b>Address:</b> |  | <b>Contact Telephone No.:</b> |  |
| <b>Date:</b>    |  |                               |  |

*To be completed by Whistleblowing Contact on Receipt of Report*

|                         |  |                   |  |
|-------------------------|--|-------------------|--|
| <b>WB Contact Name:</b> |  | <b>Reference:</b> |  |
| <b>Date of Report:</b>  |  |                   |  |

## APPENDIX 3a – Advice given by Whistleblowing Contacts [to be completed by the above contacts only]

South Ribble Borough Council is committed to the highest possible standards of openness, professionalism and accountability. In line with that commitment we expect employees, partners,

members of the public and others that we deal with, who have serious concerns about any aspect of the Council's work, to come forward and voice those concerns.

*WB Contact Name:*

*Reference:*

*Date of Report:*

Advice given:

# Whistleblowing Policy

February 2017



## **C O N T E N T S**

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## **A P P E N D I C E S**

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## **F O R W A R D**

South Ribble Borough Council takes seriously its duties and commitments to all its employees. To this end it has in place a wealth of policies designed to support employees in carrying out their duties. On occasions things can and do go wrong and it is important that policies and processes are in place to protect both employees and employers.

The Whistleblowing Policy should be seen as an integral part of the wider Governance and HR policies of the Council, including the Employee Code of Conduct.

This Council is committed to supporting employees who come forward with allegations of wrongdoing and will as far as possible ensure that complete confidentiality is maintained.

Like other policies, the Whistleblowing Policy, when invoked can start a process; it is therefore of paramount importance that the correct process is being used – the Whistleblowing Policy is designed to investigate serious allegations of wrongdoing; the Council has other policies for less serious investigations. Like most things, it will come down to individual judgement and the reasonableness and proportionality tests.

Whether or not it is the Whistleblowing Policy that is appropriate, be assured that the Chief Executive and the rest of the Senior Management Team are unambiguously committed to taking seriously any and all allegations of wrongdoing – serious or otherwise.

## 1. INTRODUCTION

- 1.1 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express our concerns because they feel that speaking up would be disloyal to their colleagues or to the organisation. They may also fear bullying, harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may be a suspicion of malpractice.
- 1.2 South Ribble Borough Council is committed to its corporate values and the highest possible standards of openness, professionalism and accountability. We expect employees, partners, members of the public and others that we deal with, who have serious concerns about any aspect of the Council's work, to come forward and tell us about them. This policy forms part of the Council's governance arrangements.
- 1.3 The Council is very mindful of the increased importance of working with partners in all areas of its activities. In these circumstances, the Council shall ensure that its partners and all companies, with whom it is contracted, will be fully informed of the procedures we have in place for whistleblowing.
- 1.4 Employees can raise concerns without fear of victimisation, subsequent discrimination or disadvantage. Anyone who raises a concern is protected by the Public Interest Disclosure Act 1998 which is incorporated into the Employment Rights Act 1996. This Whistleblowing Policy is intended to encourage and enable employees to raise serious concerns within the Council, rather than overlooking a problem or 'blowing the whistle' outside. Remember, a whistleblower is a witness, not a complainant.
- 1.5 The Policy applies to all employees, elected members and those contractors working for the Council on its premises, for example, volunteers, agency staff, builders, and drivers. It also covers suppliers and those providing services under a partnership arrangement with the Council. Members of the public are also encouraged to report their concerns via this Policy.
- This Policy complies with relevant legislation and statutory provisions. ○

The Policy will be publicised on Connect and on the Council's website.

## 2. AIM AND SCOPE OF THIS POLICY

- 2.1 This Policy aims to:
- encourage employees to feel confident in raising serious concerns;
  - provide avenues to raise those concerns and be given feedback on any action taken; ○ ensure that those who raise a concern receive a response to their concerns and that they are aware of how to pursue them if they are not satisfied; and
  - reassure employees that they will be protected from possible reprisals or victimisation if they have a reasonable belief that they have made any disclosure in good faith.
- 2.2 All employees have a legal and moral responsibility to report improper acts and omissions. In some circumstances, failure to raise such concerns may amount to a breach of contract or law.
- 2.3 There are existing procedures in place to enable employees to lodge a grievance relating to their own employment. This Whistleblowing Policy is intended to cover major concerns that fall outside the scope of other procedures. These include any disclosure of information which the employee reasonably believes to show one of the following:

- conduct which is an offence or a breach of law; ○ failure to comply with a legal obligation;
- disclosures related to miscarriages of justice (e.g. failure to provide evidence in a criminal investigation, perjury);
- health and safety risks, including risks to the public as well as other employees; ○ damage to the environment; ○ the unauthorised use of public funds;
- possible fraud, corruption, bribery, or money laundering; ○ sexual or physical abuse of clients; ○ other improper or unethical conduct; and ○ deliberate covering up of information relating to any of the above.

### **3. RAISING CONCERNS**

#### **3.1. How does an employee raise a concern?**

3.1.1 Employees who have a genuine concern about malpractice in the workplace should normally raise this in the first instance with the Monitoring Officer. If it is considered that there is a conflict of interest arrangements will be made for either the Deputy or another independent person be assigned to investigate.

3.1.2 Directors / Heads of Service must **NOT** make enquiries or investigate any allegation themselves as this could jeopardise any resulting investigation.

3.1.3 Any report of suspected fraud should be referred to the Head of Shared Assurance Services for the concern to be investigated in accordance with the Anti-Fraud and Corruption Strategy and the Fraud Response Plan.

Any matter relating to an elected member should be reported to the Monitoring Officer.

#### **3.2. How does an elected member raise a concern?**

3.2.1 Elected members who have a genuine concern about malpractice should raise the concern with the Monitoring Officer.

#### **3.3. How do those external to the Authority for example contractors, suppliers or members of the public, raise a concern?**

3.3.1 The Authority encourages those external to the Authority who suspect fraud and/or corruption to contact the Head of Shared Assurance Services. (See Appendix 1 below for contact details). The earlier the concern is raised the easier it will be to take action.

### **4. HOW THE COUNCIL WILL RESPOND**

4.1 The Council will respond to all employees' concerns. The relevant Whistleblowing Contact will formally record the allegation (Appendix 3) and determine the action to be taken.

The matters raised may:

- be investigated by the Monitoring Officer
- be referred to the Police;
- be referred to the external auditor; or
- form the subject of an independent inquiry.

4.2 Within five working days of you raising a concern, the Whistleblowing Contact will write to you to:

- acknowledge the concern;
- tell you if further action is being taken; ○ where applicable, tell you how long it is likely to take to give you a final response; and ○ tell you about the support available to you.

A record will be kept of the advice given in each case (Appendix 3a).

4.3 So that you know that your concern has been dealt with properly, subject to legal constraints and following the conclusion of the investigation, the Whistleblowing Contact will write to you to inform you of the outcome. However, this will not include details of any disciplinary action, which will remain confidential to the individual concerned.

## **5 SUPPORT FOR EMPLOYEES**

5.1 The Authority will not tolerate any bullying, harassment or victimisation (including informal pressures) and will take appropriate action to protect employees when they raise a concern in good faith.

If any employee believes that they are suffering a detriment for having raised a concern they should report this. Subjecting an employee to a detriment means “any disadvantage”. This could include (but is not limited to) any of the following:

- failure to promote ○ denial of training
- closer monitoring ○ ostracism
- blocking access to resources ○ unrequested re-assignment or re-location ○ demotion
- suspension
- disciplinary sanction ○ bullying or harassment ○ victimisation
- dismissal
- failure to provide an appropriate reference ○ failing to investigate a subsequent concern

5.2 Any employee who subjects another employee to a detriment for raising their concerns will themselves be sanctioned.

5.3 The Authority recognises that the decision to report a concern can be a difficult one to make. If an employee believes that what (s)he is saying is true, they should have nothing to fear as (s)he will be doing their duty to their employer and those for whom they are providing a service.

5.4 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary, redundancy or other procedures that already affect employees.

5.5 Employees who raise concerns or who are the subject of an investigation can access confidential counselling via Human Resources.

## 5.6 Confidentiality

5.6.1 All concerns will be treated in confidence and every effort will be made not to reveal an employee's identity if they so wish.

5.6.2 In some cases confidentiality may not be possible, for instance if an employee reports abuse or a criminal offence or the disclosure is otherwise required by law. If it does become necessary to reveal an employee's identity they will be consulted before this action is taken.

## 5.7 Anonymous Allegations

5.7.1 The Authority encourages whistleblowers to put their name to an allegation whenever possible. Concerns expressed anonymously are much harder to investigate but will be considered at the discretion of the Whistleblowing Contact.

5.7.2 In exercising this discretion the factors to be taken into account would include the seriousness of the issues raised and the likelihood of confirming the allegation.

## 5.8 Untrue Allegations

5.8.1 If an employee makes an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them. If, however, an employee makes an allegation frivolously or maliciously, disciplinary action may be taken against them.

## 6 LINKS TO OTHER PROCEDURES

6.1 There may be an existing procedure which specifically deals with your particular concern and you should normally follow the appropriate procedure. Human Resources or one of the Whistleblowing Contacts will be able to advise you on this.

- a) If you have a grievance associated with your employment, you should follow the *Grievance Procedure*.
- b) If you have a complaint about bullying or harassment, you should follow the *Bullying and Harassment Procedure*.
- c) If you have a complaint about discrimination, as defined in the *Equal Opportunities Policy*, then you should inform Human Resources.
- d) If a member of the public complains about a fellow employee or some action taken by the Authority, you should direct them to the *Complaints Procedure*.
- e) If you have a concern about a Health and Safety issue, you should contact the Health and Safety Officer.
- f) If you have a concern relating to the actions of an elected member, you should report this to the Monitoring Officer.
- g) If you have a concern relating to safeguarding (CSE, Prevent and Counter Terrorism), you should report this to the Designated Safeguarding Officer.

## **7 DEFINITIONS & EXPLANATION OF TERMS**

### **7.1 Employees**

'Employees' in this Policy includes elected members and those external to the Authority for example those working for our partner organisations.

### **7.2 Whistleblowing**

7.2.1 "The raising of a concern, either within the workplace or externally, about a danger, risk, malpractice or wrongdoing which affects others" (Whistleblowing Commission)

### **7.3 Employment Rights Act 1996 - Part IV – The Public Interest Disclosure Act**

7.3.1 PIDA sets out a framework for a worker to make disclosures about the following categories of wrongdoing, provided that they reasonably believe it to be in the public interest to do so: a) criminal offences

- b) failure to comply with legal obligations,
- c) miscarriages of justice,
- d) dangers to health or safety,
- e) dangers to the environment,
- f) deliberate concealment of any of the above categories.

7.3.2 This disclosure will be protected if the worker discloses:

- a) in course of obtaining legal advice;
- b) to the employer;
- c) in certain circumstances to a Minister of the Crown;
- d) to a 'prescribed person' reasonably believing that the information and any allegation contained within it are substantially true. The Secretary of State (in practice the Secretary of State for Business, Innovation and Skills) prescribes by list both the identity of the prescribed person (usually regulatory body) and its remit;
- e) to any person or body provided that a number of detailed conditions are satisfied. Those conditions include a requirement that the worker does not make the disclosure for purposes of personal gain and a requirement that it is reasonable to make the disclosure in the circumstances. A further section makes provision for a disclosure of an exceptionally serious failure to any person or body.

7.3.3 The Act makes it unlawful for an employer to dismiss or subject a worker to a detriment for having made a 'protected disclosure' of information. The protection provided by the Act is not subject to any qualifying period of employment and so is referred to as a 'day one' right in employment law. By contrast under ordinary unfair dismissal, there is a two year qualifying period.

### **7.4 Settlement Agreements**

7.4.1 In the light of section 43J ERA 1996 (anti-gagging provisions in PIDA) employers drafting settlement agreements should not include a clause which precludes a worker from making a protected disclosure.

## 7.5 Good Faith

7.5.1 Employees are protected if they have an honest and reasonable belief or concern, whether this turns out to be true or not. Disclosures must not be malicious or made in pursuit of a personal grudge.

## 7.6 Fraud

7.6.1 The Fraud Act 2006 defines fraud as:

- false representation
- failing to disclose information
- abuse of position

7.6.2 For practical purposes, fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

## 8 THE RESPONSIBLE OFFICER

8.1 The Monitoring Officer is responsible for the maintenance and operation of this Policy and Procedure.

## 9. TRAINING, REVIEW & OVERSIGHT

9.1 The Policy will be reviewed annually by the Monitoring Officer and should the Policy require substantial amendments Governance Committee approval will be sought. The revised Policy will be published on Connect, Member Connect and the Council's website.

9.2 The Council will arrange for periodic audits of the effectiveness of the Policy in accordance with the scope set out in Recommendation 7(d) of the Whistleblowing Code of Practice and the results will be reported to the Governance Committee.

9.3 The Council's Annual Governance Statement will also specify the number and types of concerns raised; any relevant litigation and levels of employee awareness, trust and confidence in the arrangements.

## APPENDIX 1 – Internal Contacts\*

| Internal Whistleblowing Contacts  |                |
|---|----------------|
| David Whelan (Interim Monitoring Officer) <a href="mailto:dwhelan@southribble.gov.uk">dwhelan@southribble.gov.uk</a>          | ☎ 01772 625247 |
| Jean Hunter, Chief Executive <a href="mailto:jhunter@southribble.gov.uk">jhunter@southribble.gov.uk</a>                       | ☎ 01772 625301 |
| Garry Barclay, Head of Shared Assurance Services <a href="mailto:gbarclay@southribble.gov.uk">gbarclay@southribble.gov.uk</a> | ☎ 01772 625272 |
| Denise Johnson, Designated Safeguarding Officer <a href="mailto:djohnson@southribble.gov.uk">djohnson@southribble.gov.uk</a>  | ☎ 01772 625558 |

|                              |  |
|------------------------------|--|
| General Fraud Hotline        |  01772 625251 |
| <b>Other Contact Numbers</b> |  |
| Unison                       |  01772 625506 |
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(The names of individuals may need updating from time to time as post holders change).

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|   |   |
|---|---|
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| Criminal Cases Review Commission<br><i>(Actual or potential miscarriages of justice)</i>  | Alpha Tower, Suffolk Street, Queensway, Birmingham, B1 1TT<br>☎ (0121) 633 1800   |
| HM Revenue and Customs<br><i>(VAT, insurance premium tax, excise duties, landfill tax, import and export of prohibited or restricted goods)</i> | Customs Confidential, Freeport SEA 939, PO Box 100, Gravesend, Kent, DA12 2BR<br><br>☎ (0800) 595000  |
| The Information Commissioner<br><i>(Compliance with data protection legislation)</i>  | The Office of the Information Commissioner, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF<br><br>☎ (0303) 123 1113  |
| The Environment Agency<br><i>(Acts or omissions which have an actual or potential effect on the environment)</i>                                | Rio House, Waterside Drive, Aztec West, Almondsbury, Bristol, BS12 4UD<br><br>☎ (0800) 807060   |
| Health and Safety Executive<br><i>(Health and safety at work)</i>   | Information Centre, Broad Lane, Sheffield, S3 7HQ<br><br>☎ (0541) 545500  |
| Local Government Ombudsman<br><i>(Council maladministration)</i>  | The Local Government Ombudsman<br>PO Box 4771, Coventry, CV4 0EH<br><br>☎ 0845 602 1983   |
| Public Concern at Work <i>(free confidential advice on Whistleblowing)</i>  | Public Concern at Work<br>3rd Floor, Bank Chambers<br>6 - 10 Borough High Street<br>London SE1 9QQ<br><br>☎ 020 7404 6609 or email <a href="mailto:helpline@pcaw.co.uk">helpline@pcaw.co.uk</a> |

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|  |  |
|--|--|
| <p><b>Description of the Concern.</b></p> <p>Where possible include:</p> | <ul style="list-style-type: none"> <li>• <b>Date(s) of incident(s)</b></li> <li>• <b>Who was involved</b></li> <li>• <b>Why this is a concern</b></li> <li>• <b>Whether there were any other witnesses</b></li> <li>• <b>Whether you have tried to raise this with your manager</b></li> <li>• <b>What the result was</b></li> </ul> |
|--|--|

**Continue on separate sheet if necessary**

You are encouraged to put your name to this report. Concerns expressed anonymously are much harder to investigate but will be considered at the discretion of the Whistleblowing Contact.

|                 |  |                               |  |
|-----------------|--|-------------------------------|--|
| <b>Name:</b>    |  | <b>Service:</b>               |  |
| <b>Address:</b> |  | <b>Contact Telephone No.:</b> |  |
| <b>Date:</b>    |  |                               |  |

*To be completed by Whistleblowing Contact on Receipt of Report*

|                         |  |                   |  |
|-------------------------|--|-------------------|--|
| <b>WB Contact Name:</b> |  | <b>Reference:</b> |  |
| <b>Date of Report:</b>  |  |                   |  |

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|                         |  |                   |  |
|-------------------------|--|-------------------|--|
| <i>WB Contact Name:</i> |  | <i>Reference:</i> |  |
| <i>Date of Report:</i>  |  |                   |  |

Advice given: