Gateshead Council

AUDIT AND STANDARDS COMMITTEE AGENDA

Monday, 7 March 2016 at 10.00 am in the Blaydon Room - Civic Centre

From the Chief Executive, Jane Robinson

Item	Business
1.	**Apologies for Absence**
2.	**Minutes** (Pages 3 - 6) The Committee is asked to approve, as a correct record, the minutes of the meeting held on Monday 1 February 2016.
3.	**Declarations of Interest** Members to declare interests in any agenda items.
4.	**Mazars Certification of Claims and Returns 2014/15** (Pages 7 - 16) Report of the Strategic Director Corporate Resources
5.	**Mazars Audit Strategy Memorandum Year End 31 March 2016** (Pages 17 - 36) Report of the Strategic Director Corporate Resources
6.	**Treasury Policy Statement and Treasury Strategy** (Pages 37 - 64) Report of the Strategic Director Corporate Resources
7.	**Councillor Engagement and Development Framework** (Pages 65 - 124) Report of the Strategic Director Corporate Services and Governance
8.	**Local Code of Governance** (Pages 125 - 174) Report of the Strategic Director Corporate Services and Governance
9.	**Internal Audit Update** (Pages 175 - 200) Report of the Strategic Director Corporate Resources

Contact: Neil Porteous   Tel: 0191 433 2149   Date: Friday, 26 February 2016

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GATESHEAD METROPOLITAN BOROUGH COUNCIL

AUDIT AND STANDARDS COMMITTEE MEETING

Monday 1 February 2016

PRESENT: Councillor B Coates (Chair)

Councillors: P Dillon, J Green, L Green, J McElroy

INDEPENDENT   J Common
MEMBER

ASC 36   APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors N Weatherley, J McClurey. Apologies were also received from G Clark and B Jones.

ASC 37   DECLARATIONS OF INTEREST

No interests were declared.

ASC 38   MINUTES

RESOLVED: The minutes of the meeting held on 5 October 2015 were approved as a correct record.

ASC 39   EXTERNAL AUDITOR: ANNUAL AUDIT LETTER 2014/15

The Committee received a report requesting it to note the external auditor's Annual Audit Letter 2014/15. The Annual Audit Letter, which was appended to the report, provided a summary of the external auditor's work in respect of the:
- Statement of Accounts
- Value for Money conclusion
- Future challenges
- Whole of Government Accounts
- Audit regime changes
- Fees

RESOLVED: That the contents of the Annual Audit Letter be noted.

ASC 40   CORPORATE RISK MANAGEMENT 2015/16: QUARTERLY REPORT TO 31 DECEMBER 2015

The Committee received a report detailing the developments in Corporate Risk Management during the period 1 October 2015 to 31 December 2015 (quarter 3).

An Action Plan for the delivery of the Developmental Objectives for 2015/16 was appended to the report. This incorporated details of progress made.

It was reported that activity has mainly focussed on ALARM/CIPFA Risk Management Benchmarking and reviewing the Strategic Risk Register.

Risk 14 on the Strategic Risk Register concerns the potential failure to understand and plan to mitigate the impact of climate change on the Borough. It was queried why no further controls have been proposed to reduce risk in this area, which has been scored RED 8. It was agreed that an update be sought on this query.

The Committee was pleased to note that monitoring will be undertaken in respect of budget decisions, such as reduction in street scene works, which may impact on the Council's ability to withstand severe weather events such as flooding.

RESOLVED: i)   That the information be noted.

                          ii)   That an update be provided to the Committee in respect of potential actions to reduce Risk 14 on the Strategic Risk Register.

ASC 41   ANNUAL GOVERNANCE STATEMENT 2015/16: ASSURANCE FRAMEWORK

The Committee received an overview of the work to be undertaken to produce the Annual Governance Statement (AGS) for 2015/16 which demonstrates the level of assurance that can be given by the Council's control systems and governance arrangements.

A corporate group, chaired by the Strategic Director Corporate Resources, will use the findings of various sources of assurance (as outlined in the report) to form a view on the adequacy of the Council's overall internal control and governance arrangements.

Using evidence from this assessment the Group will prepare the AGS for 2015/16 for approval by the Audit and Standards Committee in June 2016. This will then accompany the Statement of Accounts for 2015/16.

RESOLVED: The assurance framework, as set out in the report, was approved.

ASC 42   EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That the press and public be excluded from the meeting during consideration of the remaining business in accordance with paragraph 7 of Schedule 12A to the Local Government Act 1972.

ASC 43   INTERNAL AUDIT PLAN 2015/16: QUARTERLY MONITORING REPORT TO 31 DECEMBER 2015

The quarterly monitoring report for the internal audit plan 2015/16 was submitted to the Committee.

The report outlined progress made by the Internal Audit and Risk Service against the audit plan for the financial year 2015/16 and summarised the main findings arising from audit activity throughout the period 1 October 2015 to 31 December 2015.

A total of 17 audit reports were issued during the period and the findings of these were presented to the Committee. The Internal Audit and Risk Service also completed 2 certifications of accounts, grants and school funds during the quarter.

It was requested that, in the future, tables showing the implementation of audit recommendations include a due date.

It was suggested that the 'Percentage Implemented' column be removed to make the information clearer.

RESOLVED: i) That the information be noted.
ii) That the presentation of data relating to the implementation of audit recommendations be altered, as requested.

Chair………..……………..

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Gateshead Council

TITLE OF REPORT: External Auditor: Certification of Claims and Returns Annual Report 2014/15

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1   This report requests that the Committee note the external auditor's annual report on Certification of Claims and Returns.

Background

2   As the Council's appointed external auditor, Mazars act as an agent of the Audit Commission. The Local Audit and Accountability Act 2014 transferred the Audit Commission's responsibilities to make certification arrangements fro specified claims to Public Sector Audit Appointments. Foe 2014/15, the only claim under this regime was the Housing Benefit Subsidy return.

3   During the year, Mazars have also undertaken assurance work on the following claims and returns:

- Pooling of Housing Capital Receipts;
- Schools Centred Initial Teacher Training (SCITT);
- Health Act 2006 (s256) – review of annual vouchers;
- Teachers' pension contributions.

4   The external auditor's report is attached at Appendix A.

Recommendation

5   The Committee is requested to note the contents of the external auditor's report.

Contact name: David Johnson Ext - 3711

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Gateshead Council

Certification of claims and returns

Annual report 2014/15

Contents

1   Background

The scope of our work

As the Council's appointed auditor, we previously acted as an agent of the Audit Commission. The Local Audit and Accountability Act 2014 transferred the Audit Commission's responsibilities to make certification arrangements for specified claims and returns to Public Sector Audit Appointments (PSAA). For 2014/15 the only claim or return within this regime was the Housing Benefit Subsidy return.

In 2014/15 the prescribed tests for our Housing benefits work were set out in the HBCOUNT module and BEN01 Certification Instructions issued by the Audit Commission.

During the year we have also been engaged directly by the Council to undertake assurance work on the following claims and returns

- Pooling of Housing Capital Receipts

- Schools Centred Initial Teacher Training (SCITT)

- Health Act 2006 (s256) – review of annual vouchers

- Teachers' pensions contributions

These engagements are outside of the Audit Commission / PSAA regime and we have reported separately to officers on the outcome of this work. We have included the results of this work in this report to give members a full understanding of our assurance and certification work for 2014/15.

Our certificate

For the Housing benefit subsidy return, on completion of the specified work we issue a certificate. The certificate states whether the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter. Where we issue a qualification letter or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

For assurance provided on claims and returns outside of the Audit Commission / PSAA regime, we issue an assurance report instead of a certificate.

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2 Findings

The Council's control environment

We have not noted any weaknesses in your control environment for any claim or return.

Amendments and Qualifications

The following claims and returns were certified in 2014/15:

Audit Commission/PSAA grant claims or returns

Claim or return	Value of claim or return	Amended	Qualified
Housing Benefit Subsidy	£86,661,937	Yes	No

Non Audit Commission/PSAA grant claims and returns

Claim or return	Value of claim or return	Amended
Pooling of Housing Capital Receipts	£5,109,875	N
Teachers' Pension Return	£9,234,818	N
Schools Centred Initial Teacher Training (SCITT)	£154,000	Y
Health Act 2006 (s256)	Work ongoing	Work ongoing

Housing Benefit Subsidy

We identified three errors as a result of testing of the 2014/15 Housing Benefits claim. All of these errors were corrected and as a result an amended claim was produced.

One of these errors was found in the main testing of non-HRA cases. This was an error in assigning overpayments to the correct year. A drill down of all overpayment cases in the headline cell showed no further errors and a correction of this isolated error was made.

The two other errors were an incorrect rounding in one cell on the claim form and an incorrect backdating figure in one cell. Both of these errors were corrected.

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Non PSAA grant claims and returns

Pooling of Housing Capital Receipts

Since 2004/05, local authorities have paid part of their receipts from the disposal of housing into a national pool run by DCLG. They are also required to pool a part of other receipts such as mortgage principal repayments.

We have carried out our work on the Council's Pooling of Housing Capital Receipts return in line with instructions issued by DCLG and concluded that the return was prepared, in all material respects, in accordance with the terms and conditions as set out in DCLG's instructions.

Teachers' Pension Return

The Teachers' Pension Scheme is a contributory pension scheme administered by Teachers' Pensions on behalf of the Department for Education. Teachers employed in local authority maintained schools and other local authority establishments may be members of the scheme.

The Council is required to submit a return (EOYCa) showing teachers' pension contributions deducted and paid to Teachers' Pensions in the year.

For 2014/15, we concluded that the EOYCa for the year ended 31 March 2015 had been prepared, in all material respects, in accordance with the regulations underpinning the Teachers' Pension scheme. Without qualifying our opinion we did report one minor matter in line with the requirements of Reporting Accounting Guidance (TP05).

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3   Fees

Prior to its abolition, the Audit Commission set an indicative fee for our work on the Council's Housing benefit subsidy return. We confirm that the final fee payable for this work as outlined in the table below is in line with the indicative fee.

For claims and returns that fell outside of the Audit Commission / PSAA regime, we agree a fee with Council officers prior to commencing our work.

For 2014/15 the following fees were charged for certification work:

Audit Commission/PSAA grant claims or returns

Claim or return	2014/15 indicative fee	2014/15 final fee	2013/14 final fee
Housing Benefit Subsidy	£16,540*	£16,540	£14,153*

Non Audit Commission/PSAA grant claims and returns

Claim or return	2014/15 fee	2013/14 fee
Pooling of Housing Capital Receipts	£1,800	£775**
Teachers' Pension Return	£2,750	£2,750
Schools Centred Initial Teacher Training (SCITT)	£2,250	£2,250
Health Act 2006 (s256)	£8,000	£8,000

*The 2013/14 and 2014/15 indicative fees were set by the Audit Commission. The 2014/15 fee reflects the level of work required to complete our benefits testing.

**This was the indicative fee set by the Audit Commission as the Pooling of Housing Capital Receipts was under the Audit Commission regime. The fee in 2013/14 did not reflect the level of work required.

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Gateshead Council

TITLE OF REPORT: **External Auditor: Audit Strategy Memorandum
Year Ending 31 March 2016**

REPORT OF: **Darren Collins, Strategic Director, Corporate Resources**

Purpose of the Report

1   This report requests that the Committee note the external auditor's Audit Strategy Memorandum for the year ended 31 March 2016.

Background

2   The report summarises the audit approach, highlights significant audit risks and areas of key judgement. The report outlines:

- Purpose and background
- Audit scope, approach and timeline
- Significant risks and key judgement areas
- Value for Money Conclusion
- The Audit Team
- Fees and other services

3   The external auditor's report is attached at Appendix A.

Recommendation

4   The Committee is requested to note the contents of the external auditor's report.

Contact name: **David Johnson Ext - 3711**

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Audit Strategy Memorandum

Gateshead Council - year ending 31 March 2016

February 2016

MAZARS

The Audit and Standards Committee
Gateshead Council
Civic Centre
Regent Street
Gateshead
NE8 1HH

February 2016

Dear Members

Audit Strategy Memorandum for the year ending 31 March 2016

We are delighted to present our Audit Strategy Memorandum for Gateshead Council for the year ending 31 March 2016.

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. It is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, and Appendix A summarises our considerations and conclusions on our independence as auditors.

We value two-way communication with you and we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion through which we can also understand your expectations.

This document will be presented at the Audit and Standards Committee meeting on 7 March 2016. If you would like to discuss any matters in more detail please do not hesitate to contact me on 07979 164467.

Yours faithfully

Gareth Davies
Partner
Mazars LLP

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Contents

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' and 'Terms of Appointment' issued by Public Sector Appointments Limited. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of Gateshead Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

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01 Purpose and background

Purpose of this document

This document sets out our audit plan in respect of the audit of the financial statements of Gateshead Council for the year ending 31 March 2016, and forms the basis for discussion at the Audit and Standards Committee meeting on 7 March 2016.

The plan sets out our proposed audit approach and is prepared to assist you in fulfilling your governance responsibilities. The responsibilities of those charged with governance are defined as to oversee the strategic direction of the entity and obligations related to the accountability of the entity, including overseeing the financial reporting process.

We see a clear and open communication between us and you as important in:
- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring as part of the two-way communication process that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks you face which might affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

Appendix C outlines the form, timing and content of our communication with you during the course of the audit. Appendix D sets out forthcoming accounting and other issues that will be of interest.

Scope of engagement

We are appointed to perform the external audit of your accounts for the year to 31 March 2016. The scope of our engagement is laid out in the National Audit Office's Code of Audit Practice.

Responsibilities

- **Audit opinion**

  We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management nor the Audit and Standards Committee, as those charged with governance, of their responsibilities. We are also required to reach a conclusion on the arrangements that the Council has put in place to secure economy, efficiency and effectiveness in its use of resources (our Value for Money conclusion).

- **Whole of Government Accounts**

  We report to the National Audit Office in respect of the consistency of the Council's Whole of Government Accounts submission with the financial statements.

- **Fraud**

  The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK and Ireland) we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

  As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

We are also required to give an elector, or any representative of the elector, an opportunity to question us about the accounting records of the Council and consider any objection made to the accounts by an elector.

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02 Audit scope, approach and timeline

Audit scope

Our audit approach is designed to provide you with an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards of Auditing (UK and Ireland) and in accordance with the National Audit Office's Code of Audit Practice. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas which have been found to contain material errors in the past.
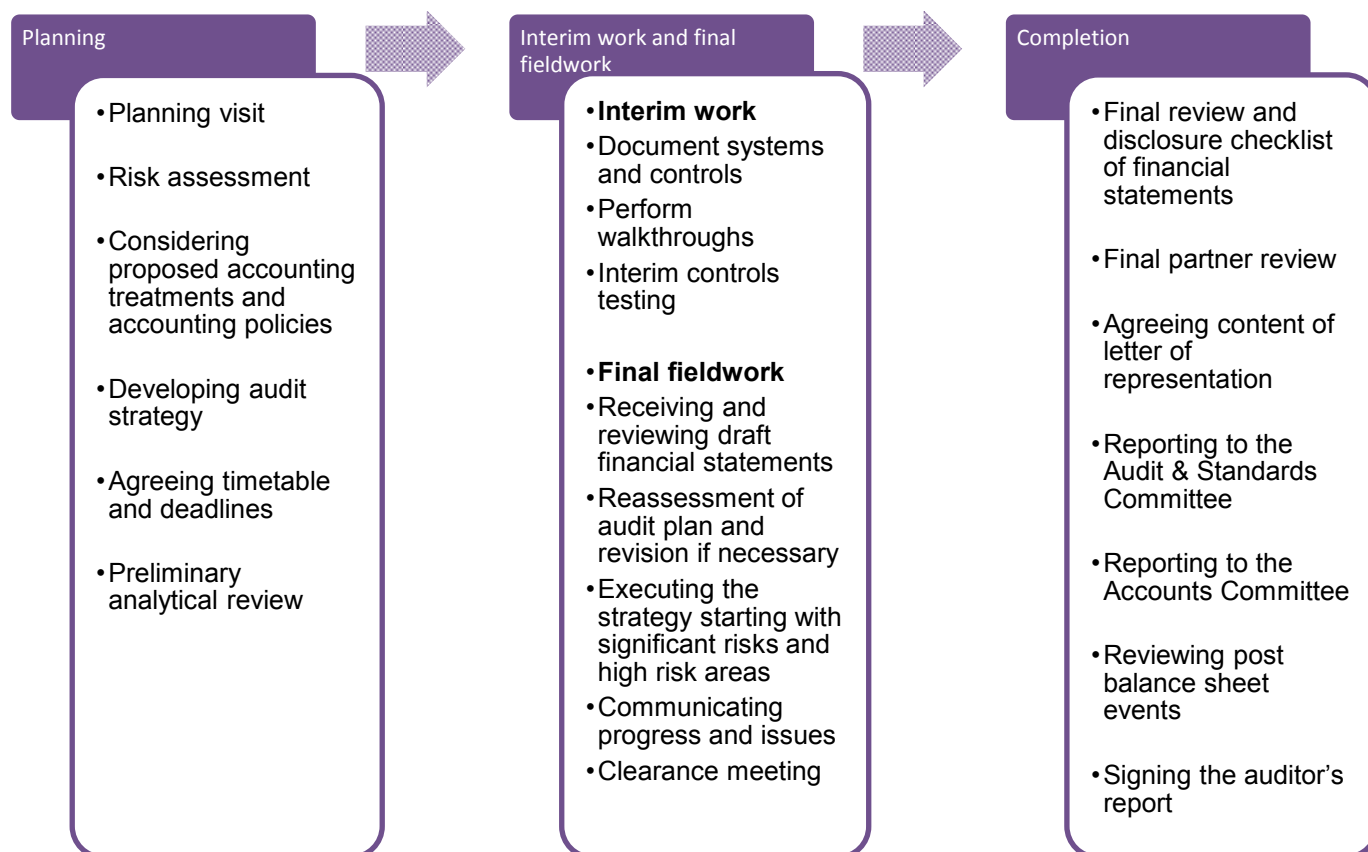
Audit approach

We apply a risk-based audit approach primarily driven by the matters we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment we develop our audit strategy and design audit procedures in response to this assessment. The work undertaken will include a combination of the following as appropriate:

- testing of internal controls;
- substantive analytical procedures; and
- detailed substantive testing.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free of material misstatement and give a true and fair view. Materiality and misstatements are explained in more detail in Appendix B.

The diagram below outlines the procedures we perform at the different stages of the audit.

Planning	Interim work and final fieldwork	Completion
• Planning visit • Risk assessment • Considering proposed accounting treatments and accounting policies • Developing audit strategy • Agreeing timetable and deadlines • Preliminary analytical review	**• Interim work** • Document systems and controls • Perform walkthroughs • Interim controls testing **• Final fieldwork** • Receiving and reviewing draft financial statements • Reassessment of audit plan and revision if necessary • Executing the strategy starting with significant risks and high risk areas • Communicating progress and issues • Clearance meeting	• Final review and disclosure checklist of financial statements • Final partner review • Agreeing content of letter of representation • Reporting to the Audit & Standards Committee • Reporting to the Accounts Committee • Reviewing post balance sheet events • Signing the auditor's report

Page 23

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Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work of internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Reliance on other auditors

There are material entries in your financial statements where we will seek to place reliance on the work of other auditors.

Item of account	Other auditor	Nature of assurance to obtain from the auditor
Defined benefit liability and associated IAS 19 entries and disclosures	Tyne and Wear Local Government Pension Fund Auditor (EY)	Accuracy of data supplied to the pension fund actuary by the pension fund

Service organisations

We have not identified any material entries in your financial statements where the Council is dependent on an external organisation. Whilst dwellings are managed by the Gateshead Housing Company on the Council's behalf, the financial statements are prepared from information in the Council's own financial systems
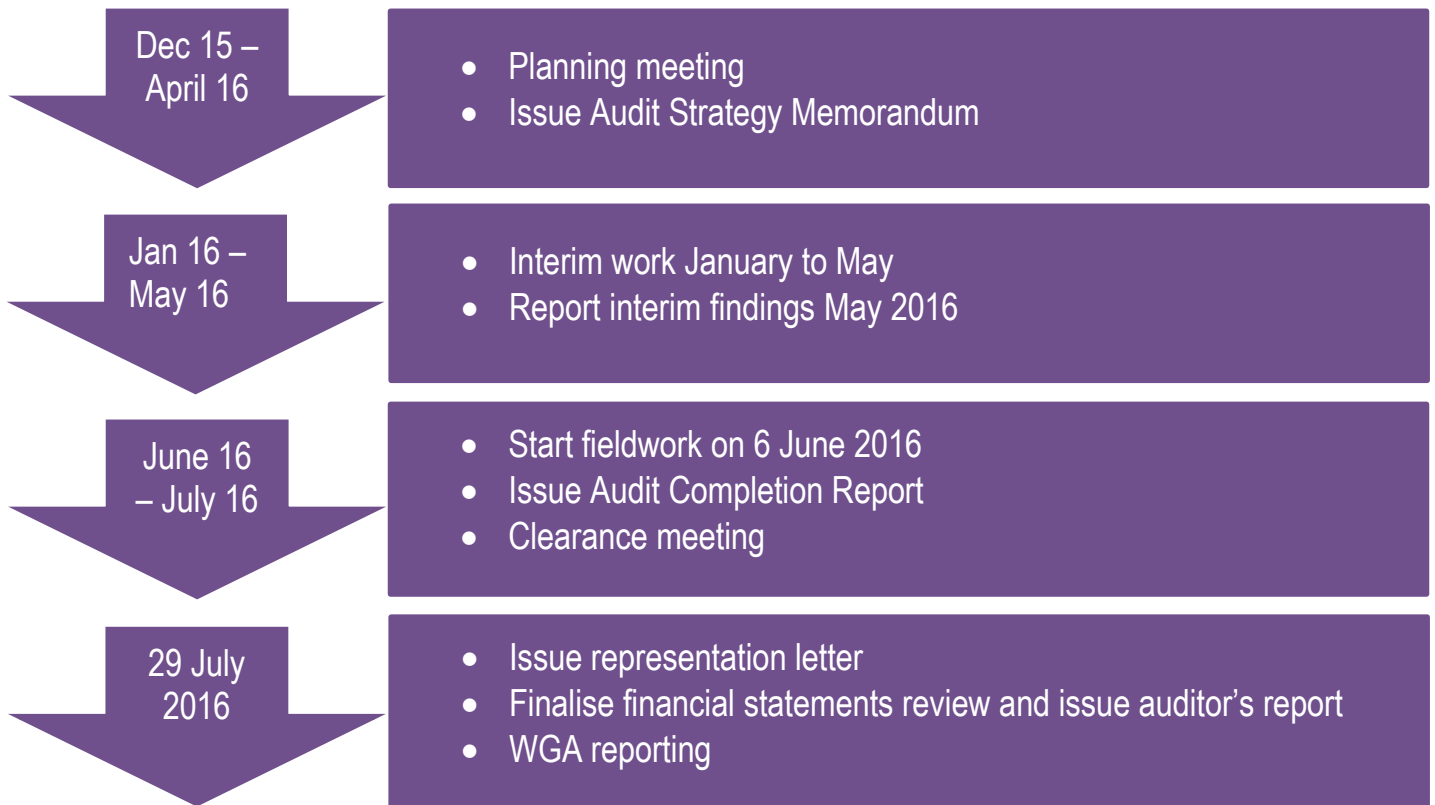
The work of experts

The following experts are relevant to our work for the year ended 31 March 2016.

Items of account	Management's expert	Our expert
Defined benefit liability and associated IAS 19 entries and disclosures	Actuary (Aon Hewitt)	National Audit Office's consulting actuary (PWC)
Property, plant and equipment valuations	Your internal Valuer	National Audit Office's consulting valuer (Gerald Eve)
Fair values	Capita	Central assurance provided by the National Audit Office

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Timeline

The diagram below sets out the timing of the key phases of our audit work. We will communicate with management throughout the audit process and will ensure significant issues identified are communicated to those charged with governance on a timely basis.

Dec 15 – April 16	• Planning meeting • Issue Audit Strategy Memorandum
Jan 16 – May 16	• Interim work January to May • Report interim findings May 2016
June 16 – July 16	• Start fieldwork on 6 June 2016 • Issue Audit Completion Report • Clearance meeting
29 July 2016	• Issue representation letter • Finalise financial statements review and issue auditor's report • WGA reporting

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03 Significant risks and key judgement areas

We have performed our planning procedures, including risk assessment, as detailed in section 2. In addition, we met with management as part of the audit planning process to discuss the risks that, in management's opinion, the Council faces and have considered the impact on our audit risk. The risks that we identify as significant for the purpose of our audit are the risks of material misstatement that in our judgement require special audit consideration.

We set out below the significant audit risks and the areas of management judgement identified as a result of these meetings and planning procedures which we will pay particular attention to during our audit in order to reduce the risk of material misstatement in the financial statements.

Significant risks

Management override of controls

Description of the risk

In all entities, management at various levels is in a unique position to perpetrate fraud because of the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we will address this risk

Our testing strategy will include:

- review of material accounting estimates, which may be subject to management bias, included in the financial statements;
- consideration and review of unusual or significant transactions outside the normal course of business; and
- testing of journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Revenue recognition

Description of the risk

There is a risk of fraud in the financial reporting relating to revenue recognition due to the potential to inappropriately record revenue in the wrong period. Due to there being a risk of fraud in revenue recognition we consider it to be a significant risk.

How we will address this risk

We will address this risk through performing audit work over:

- cash receipts in the months of March and April 2015 to ensure they have been recognised in the right year;
- testing adjustment journals; and
- for major grant income, obtain counterparty confirmation

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Pension Estimates (IAS 19)

Description of the risk

The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.

How we will address this risk

We will discuss with key contacts any significant changes to the pension estimates prior to the preparation of the financial statements. In addition to our standard programme of work in this area, we will:

- evaluate the management controls you have in place to assess the reasonableness of the figures provided by the Actuary; and
- consider the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally which is commissioned annually by the National Audit Office.

Property, plant and equipment

Description of the area of judgement

Valuations of these assets, in particular of land and buildings, require work from an expert valuer. Valuations of buildings must reflect both the condition of the building but also the valuation basis for that class of building as required by the CIPFA 'code'.

Our planned audit approach

We will:

- examine the professional qualifications of your valuer;
- challenge and substantiate the assumptions and the appropriateness of the date of the valuation used by your valuer in completing the valuations;
- ensure that valuations and impairments have been completed on the correct basis for each item and that movements are in line with expectation; and
- assess whether the report produced by the valuer has been correctly reflected in the accounts.

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04 Value for Money Conclusion

Scope of work

For 2015/16, we are required to conclude whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We perform our work in this area in accordance with guidance set out by the NAO in Auditor Guidance Note 3. This requires us to consider one overall criterion which is made up of three sub-criteria.

Overall criterion

The overall criterion set out by the NAO is as follows:

'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.'

Sub-criteria	Guidance
Informed decision-making	• Acting in the public interest, through demonstrating and applying the principles and values of sound governance. • Understanding and using appropriate and reliable financial and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management. • Reliable and timely financial reporting that supports the delivery of strategic priorities. • Managing risks effectively and maintaining a sound system of internal control.
Sustainable resource deployment	• Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions. • Managing and utilising assets effectively to support the delivery of strategic priorities. • Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	• Working with third parties effectively to deliver strategic priorities. • Commissioning services effectively to support the delivery of strategic priorities. • Procuring supplies and services effectively to support the delivery of strategic priorities.

As part of our work, we will also:
- review your annual governance statement;
- consider the work of other relevant regulatory bodies or inspectorates, such as Ofsted and the Care Quality Commission, to the extent the results of the work have an impact on our responsibilities; and
- carry out any risk-based work we determine appropriate.

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We have considered the risks that are relevant to our value for money conclusion and have identified the following significant risk that we will address through our work.

VFM risk
Description of the risk The Council continues to face financial pressures from reduced funding, increased demand and changing responsibilities. The Council is responding to the challenges by a programme of efficiencies, service reviews and developing new ways to manage demand and deliver services. The risk is that the measures taken by the Council are not effective, leading to a lack of financial resilience.
How we will address this risk We will review: - monitoring and action plans for a sample of savings included in the budget;   - the Medium-Term Financial Strategy;   - budget monitoring reports and other finance updates;   - the progress made in identifying further savings required; and   - progress of the Council's Transformation Programme;

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05 Your audit team

Below are your audit team and their contact details.

Engagement lead / Partner	• Gareth Davies • gareth.davies@mazars.co.uk • 07979 164467
Engagement senior manager	• Jim Dafter • jim.dafter@mazars.co.uk • 0191 4333662
Team leader	• Campbell Dearden • campbell.dearden@mazars.co.uk • 0191 4333667

In addition to the above, an Engagement Quality Control Reviewer has been appointed for this engagement.

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06 Fees for audit and other services

At this stage of the audit we are not planning any divergence from the scale fees set by Public Sector Audit Appointments Ltd (PSAA) for the Code audit work and Housing Benefit Subsidy certification work.

Area of work	2015/16 Scale fee	2015/16 Proposed fee	2014/15 Final fee
Code audit work	£130,298	£130,298	£173,730
Housing Benefit Subsidy certification	£10,615	£10,615	£16,540
Total fees	£140,913	£140,913	£190,270

In 2014/15 we provided assurance services to the Council in respect of the grant claims and returns outlined in the table below. We have not yet been engaged by management to carry out this work for 2015/16 but where this does happen, we anticipate charging a similar fee as last year.

Non PSAA grant claims and returns

Claim or return	2014/15 Fee
Pooling of Housing Capital Receipts	£1,800
Teachers' Pension Return	£2,750
Schools Centred Initial Teacher Training (SCITT)	£2,250
Health Act 2006 (s256)	£8,000

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Appendix A – Independence

We are required by the Financial Reporting Council to confirm to you at least annually in writing, that we comply with the Auditing Practices Board's Ethical Standards. In addition we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you, and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement, there are no relationships between us, and any of our related or subsidiary entities, and you, and your related entities, creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:
* all partners and staff are required to complete an annual independence declaration;
* all new partners and staff are required to complete an independence confirmation and also complete computer-based ethical training;
* rotation policies covering audit engagement partners and other key members of the audit team who are required to rotate off a client after a set number of years; and
* use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We wish to confirm that in our professional judgement, as at the date of this document, we are independent and comply with UK regulatory and professional requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Gareth Davies.

Prior to the provision of any non-audit services, Gareth Davies will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

We are satisfied that, as in previous years, the grant claim certification work set out in this plan (including work on non-PSAA grants) does not give rise to any threat to our independence as your external auditor.

No threats to our independence have been identified.

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Appendix B - Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

We discuss with management any significant misstatements or anomalies that we identify during the course of the audit and we report in our Audit Completion Report all unadjusted misstatements we have identified other than those which are clearly trivial, and obtain written representation that explains why these remain unadjusted.

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Appendix C – Key communication points

ISA 260 'Communication with Those Charged with Governance' and ISA 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications
We will present to the Audit and Standards Committee the following reports:
- our Audit Strategy Memorandum;
- our Audit Completion Report; and
- Our Annual Audit letter.

These documents will be discussed with management prior to being presented to the Audit and Standards Committee and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Audit Strategy Memorandum
- our responsibilities in relation to the audit of the financial statements;
- the planned scope and timing of the audit;
- significant audit risks and areas of management judgement;
- our independence;
- responsibilities for preventing and detecting errors;
- materiality; and
- fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report
- significant deficiencies in internal control;
- significant findings from the audit;
- significant matters discussed with management;
- our conclusions on the significant audit risks and areas of management judgement;
- unadjusted misstatements;
- management representation letter;
- our proposed draft audit report; and
- independence.

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Appendix D – Forthcoming accounting and other issues

The 2015/16 CIPFA Code of Practice on Local Authority Accounting (the Code) has made several changes to financial reporting requirements relevant to the Council, of which you should be aware. We provide workshops explaining these changes to which we invite officers from the Council responsible for preparing the financial statements. The workshops provide full details of the changes in the 2015/16 Code as well as a forward look to potential future accounting changes that may be of relevance to the Council.

As well as the accounting issues outlined below, we would like to draw the Audit and Standard Committee's attention to changes in the Accounts and Audit (England) Regulations 2015 that require the Council to notify us of the date on which the period for the exercise of public rights commences. If you require detailed information on any of these changes or any other emerging issues, please contact any member of the engagement team.

Forthcoming accounting issues

Highways Network Assets	How this may affect the Council
The measurement basis for the Council's Highways Network Assets will change from depreciated historic cost to depreciated replacement cost in 2016/17, but with no prior period restatement required.	It is likely that the impact of this change will be significant and that the value of relevant assets on the Council's balance sheet will increase.
Early deadlines	**How this may affect the Council**
The Accounts and Audit Regulations 2015 outline earlier deadlines for local authorities to produce their statements of account from the 2017/18 financial year.	The impacts of this change on local authorities and their auditors are significant and we have begun to discuss how we will meet the challenges the new dates place on us all with Council officers.
Fair Value accounting	**How this may affect the Council**
The Code adopts the principles of IFRS 13 in respect of measuring fair value for the first time in 2015/16.	Some assets and liabilities held by the Council may need to be revalued on the basis of their fair value for the first time in 2015/16.

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Gateshead Council

Title of report: Treasury Policy Statement and Treasury Strategy 2016/17 to 2018/19

Report of: Darren Collins – Strategic Director, Corporate Resources

Purpose of the Report

1.   This report asks the Audit and Standards Committee to review the proposed Treasury Policy Statement and Treasury Strategy for 2016/17 to 2018/19 prior to consideration by Cabinet.

Background

2.   To provide a framework for the Strategic Director, Corporate Resources to exercise his delegated powers, the Council agrees a three year Treasury Management Policy and Treasury Strategy which is reviewed at the start of each financial year.

3.   The attached Treasury Policy and Treasury Strategy have been prepared taking into account the Local Government Act 2003, Communities and Local Government's (CLG) Guidance on Local Government Investments, CIPFA's Prudential Code for Capital and CIPFA's Code of Practice on Treasury Management.

Proposals

4.   The Committee is asked to review the Treasury Policy and Treasury Strategy attached at Appendix 2 and Appendix 3, to ensure that the Council fully complies with the requirements of good financial practice in Treasury Management.

Recommendation

5.   The Committee is asked to review the recommendations on the Treasury Policy and the Treasury Strategy and submit any comments to Cabinet.

    For the following reason:
    - To ensure that the Council fully complies with the requirements of good practice as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Code of Practice on Treasury Management and Prudential Code for Capital and the Department for Communities and Local Government (CLG), Guidance on Local Government Investments.

CONTACT: Stephanie Humble, ext. 3591

Policy Context

1.   The proposals in this report are consistent with the Council's vision and medium term priorities as set out in Vision 2030 and the Council Plan and in particular they ensure that effective use is made of the Council's resources to ensure a sustainable financial position.

Background

2.   Part 1 of the Local Government Act 2003 specifies the powers of a local authority to borrow for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs. Borrowing is linked to the CIPFA Prudential Code for Capital which sets out a range of prudential and treasury indicators that must be calculated to ensure borrowing is affordable, prudent and sustainable. The Prudential Code refers to the need for a clear and integrated treasury strategy.

3.   In addition, under Section 15 of the Local Government Act 2003, authorities are required to have regard to the CLG's guidance on Local Government Investments. This document stipulates the requirement for an annual investment strategy to be integrated into the Council's Treasury Strategy.

4.   CIPFA has produced the Code of Practice on Treasury Management 2011 (the Code) which represents best practice. The Council fully complies with the Code and this contributes towards achieving good practice.

5.   Under Part 4 of the Council's Constitution the Strategic Director, Corporate Resources will produce a Treasury Policy Statement annually, setting out the general policies and objectives of the Council's treasury management function.

6.   The Council also provides a treasury management service to the Police and Crime Commissioner for Northumbria (PCC) via a Support Services Agreement and a treasury management service to the Gateshead Housing Company through a Service Level Agreement.

Treasury Policy

7.   The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Council.

8.   The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

9.   CIPFA's Code requires the setting out of responsibilities and duties of councillors and officers to allow a framework for reporting and decision making on all aspects of treasury management. To achieve this CIPFA has recommended the adoption of 12 treasury management practices (TMPs).

10. These principles are intended to provide a working document that forms a detailed framework for treasury management activities. The policy fully encompasses CIPFA's Code of Practice. In addition the policy fully takes account of the requirements of the Prudential Code for Capital Finance in Local Authorities and the guidance issued by the CLG supporting Part 1 of the Local Government Act 2003 in respect of local authority investments. The Treasury Policy is attached at Appendix 2.

Treasury Strategy

11. The Treasury Strategy for 2016/17 to 2018/19 is attached at Appendix 3. This covers the specific activities proposed for 2016/17 to 2018/19 in relation to both borrowing and investments and ensures a wide range of advice is taken to maintain and preserve all principal sums, whilst obtaining a reasonable rate of return, and that the most appropriate borrowing is undertaken. The primary objective of the investment strategy is to maintain the security of investments at all times.

12. The Council has produced the Treasury Strategy to comply with the requirements of the Code, the Prudential Code for Capital Finance in Local Authorities and Part 1 of the Local Government Act 2003. The Council considers that compliance with the above ensures that best practice is followed.

Consultation

13. Consultation on the production of the Treasury Policy Statement, including the Treasury Strategy for 2016/17 to 2018/19, has taken place with the Council's treasury advisers (Capita Asset Services, Treasury Solutions). The outcome of the consultation process, along with guidance issued by CIPFA and the CLG, has informed the format and content of the policy and strategy statements.

Alternative Options

14. There are no alternative options, as the Treasury Policy and Strategy reports recommended for approval are required in order to comply with CIPFA's Code of Practice on Treasury Management.

Implications of Recommended Option

15. **Resources:**

    a) Financial Implications - The Strategic Director, Corporate Resources confirms that the financial implications are set out in this report. There are no additional financial implications associated with the report itself.

    b) Human Resources Implications - There are no human resources implications arising from this report.

    c) Property Implications – There are no property implications arising from this report.

16. **Risk Management Implications**

    The Treasury Policy and Treasury Strategy which informs activity in this area is prepared with the primary aim of minimising risk to ensure that the Council's

principal sums are safeguarded. Maximising income is considered secondary to this main aim.

17. **Equality and Diversity Implications**

There are no equality and diversity implications arising from this report.

18. **Crime and Disorder Implications**

There are no crime and disorder implications arising from this report.

Health Implications

There are no health implications arising from this report.

20. **Sustainability Implications**

There are no sustainability implications arising from this report.

21. **Human Rights Implications**

There are no human rights implications arising from this report.

22. **Area and Ward Implications**

There are no direct area and ward implications arising from this report.

23. **Background Information:**

The following documents have been used in preparation of the report:
- Local Government Act 2003
- CLG Guidance on Local Government Investments
- CIPFA's Prudential Code for Capital
- CIPFA's Code of Practice on Treasury Management
- Council's approved Treasury Management Practice Statements

Treasury Policy 2016/17 to 2018/19

1.   Approved Activities of the Treasury Management Operation

1.1   CIPFA has produced the Code of Practice on Treasury Management in Public Services (the Code), which represents best practice. Treasury management activities are defined by CIPFA as:

"The management of the organisation's investments and cash flows, its bankings, 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".

1.2   Gateshead Council provides a treasury management service to the PCC via a Support Services Agreement. The necessary power for this exists within Section 113 of the Local Government Act. A separate bank account enables the PCC cash balances to be monitored daily. The risk associated with investments is carried by the PCC and interest on investments is based on actual interest earned.

1.3   The Council also provides a treasury management service to the Gateshead Housing Company through a Service Level Agreement. Borrowing to fund the capital programme of the Company is also carried out by the Council and is included in the overall borrowing figure.

2.   Formulation of the Treasury Strategy

2.1   The formulation of a Treasury Strategy involves determining the appropriate borrowing and investment decisions with the prime objective of safeguarding the Council's assets and secondary objectives of obtaining a reasonable rate of return on investments and minimising the costs of borrowing. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Council.

2.2   The Treasury Strategy encompasses the requirements of CIPFA's Treasury Management Code of Practice, Prudential Code for Capital and the CLG Guidance on Local Government Investments.

2.3   The Treasury Strategy covers the following:
   a) treasury limits in force which will limit the treasury risk and activities of the Council, including prudential and treasury indicators;
   b) prospects for interest rates;
   c) the borrowing strategy;
   d) debt rescheduling;
   e) policy on borrowing in advance of need;
   f) the investment strategy; and
   g) the policy on the use of external service providers.

The strategy for 2016/17 to 2018/19 is attached at Appendix 3.

3.   Prudential and Treasury Indicators

3.1   Under Part 1 of the Local Government Act 2003 the Council may borrow money

(a) for any purpose relevant to its functions under any enactment, or

(b) for the purposes of the prudent management of its financial affairs.

3.2   Under the requirements of the Prudential Code and Treasury Management Code of Practice the following indicators have been adopted:

- Compliance with the Code of Practice on Treasury Management in the public services;
- Calculations of:
  - Authorised limit;
  - Operational boundary;
  - Actual external debt;
  - Upper limit on fixed interest rate exposures;
  - Upper limit on variable interest rate exposures;
  - Maturity structure of borrowing; and
  - Upper limits for principal sums invested for periods of over 364 days.

3.3   Given the link to the budget and capital programme, these indicators were approved by the Council on 25 February 2016 as part of the Budget and Council Tax Level 2016/17 report. For completeness, the approved indicators are attached at Appendix 4.

4.   Annual Investment Strategy

4.1   Part 1 of the Local Government Act 2003 relaxed the constraints under which local authorities can invest.

4.2   The CLG has issued guidance to supplement the investment regulations contained within the Local Government Act 2003. It is also referred to under Section 15 (1) of the 2003 Local Government Act which requires authorities to "have regard (a) to such guidance as the Secretary of State may issue and (b) to such other guidance as the Secretary of State may by regulations specify". The guidance encourages authorities to invest prudently but without burdening them with the detailed prescriptive regulation of the previous regime.

4.3   Central to the guidance and the Code is the need to produce an annual investment strategy. This is included as Section 6 of the Treasury Strategy in Appendix 3.

4.4   The Annual Investment Strategy document will include:

- The Council's risk appetite in respect of security, liquidity and return;
- The definition of 'high' and 'non-high' credit quality to determine what are specified investments and non-specified investments;
- Which specified and non-specified instruments the Council will use, dealing in more detail with non-specified investments given the greater potential risk;
- The categories of counterparties that may be used during the course of the year e.g. foreign banks, nationalised/part nationalised banks, building societies;
- The types of investments that may be used during the course of the year;
- The limit to the total amount that may be held in each investment type;
- The Council's policy on the use of credit ratings, credit rating agencies and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list and how the Council will deal with changes in ratings, rating watches and rating outlooks;
- Limits for individual counterparties, groups and countries ; and
- Guidelines for making decisions on investments and borrowing.

5.   Policy on Interest Rates Exposure

5.1   The Budget and Council Tax Level 2016/17, approved by Council on 25 February 2016, sets treasury limits for the maximum and minimum level of exposure to fixed and variable interest rates. The use of any financial instruments, such as derivatives, to mitigate interest rate risks will be considered on an individual basis and the Strategic Director, Corporate Resources will require approval from the Council prior to entering into any arrangement of this nature.

6.   Policy on External Managers

6.1   Treasury management advisers (Capita Asset Services) have been appointed to assist in achieving the objectives set out in the Treasury Policy Statement. The Strategic Director, Corporate Resources has not appointed external investment fund managers to directly invest the Council's cash. This position is subject to an annual review.

7.   Policy on Delegation, Review Requirements and Reporting Arrangements

7.1   It is the Council's responsibility under the Code to approve a treasury policy statement.

7.2   The Council delegates the review of the policy and monitoring of the performance of the treasury management function to Cabinet, the scrutiny of treasury management strategy and policies to the Audit and Standards Committee, and the execution and administration of treasury management decisions to the Strategic Director, Corporate Resources. Any proposals to approve, adopt or amend policy require the consent of the Council and are matters for the Council to determine.

7.3   Council will receive:
   a) a Treasury Policy Statement and three year Treasury Strategy report, including the annual Investment Strategy, for approval before the commencement of each financial year; and
   b) an annual report on borrowing and investment activity by 30 September of each year.

7.4   The Audit and Standards Committee will receive:
   a) a Treasury Policy Statement and three year Treasury Strategy report for scrutiny; and
   b) a mid-year report on borrowing and investment activity.

Treasury Strategy 2016/17 to 2018/19

1.   Introduction

1.1   The CIPFA Code of Practice on Treasury Management 2011 (the Code) emphasises a number of key areas including the following:
  a)   All authorities must formally adopt the Code.
  b)   The strategy report will affirm that the effective management and control of risk are prime objectives of the Council's treasury management activities.
  c)   The Council's appetite for risk, including the appetite for any use of financial instruments in the prudent management of those risks, must be clearly identified within the strategy report and will affirm that priority is given to security of capital and liquidity when investing funds and explain how that will be carried out.
  d)   Responsibility for risk management and control lies within the organisation and cannot be delegated to any outside organisation.
  e)   Credit ratings should only be used as a starting point when considering risk. Use should also be made of market data and information, the quality financial press, information on government support for banks and the credit ratings of that government support.
  f)   Councils need a sound diversification policy with high credit quality counterparties and should consider setting country, sector and group limits.
  g)   Borrowing in advance of need is only to be permissible when there is a clear business case for doing so and only for the current capital programme or to finance future debt maturities.
  h)   The main annual treasury management reports must be approved by full council.
  i)   There needs to be a mid-year review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved.
  j)   Each council must delegate the role of scrutiny of treasury management strategy and policies to a specific named body.
  k)   Treasury management performance and policy setting should be subjected to prior scrutiny.
  l)   Councillors should be provided with access to relevant training as those charged with governance are also personally responsible for ensuring they have the necessary skills and training.
  m)   Responsibility for these activities must be clearly defined within the organisation.
  n)   Officers involved in treasury management must be explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council (this will form part of the Treasury Management Practices).

1.2   This Strategy has been prepared in accordance with the Code.

1.3   The Council will adopt the following reporting arrangements in accordance with the requirements of the revised Code:

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Policy & Strategy / Annual Investment Strategy	Council with review delegated to Cabinet	Annually before the start of the year
Annual Report	Council with review delegated to Cabinet	Annually by 30 September after the end of the year
In year changes to agreed Treasury Management Policy & Strategy / Annual Investment Strategy / Prudential and Treasury Indicators	Cabinet	By exception
Scrutiny of treasury management performance via mid-year report	Audit and Standards Committee	Mid-Year
Scrutiny of treasury management Policy, Strategy and procedures	Audit and Standards Committee	Annually before the start of the year
Treasury Management Monitoring Reports	Strategic Director, Corporate Resources	Monthly/Weekly
Treasury Management Practices	Strategic Director, Corporate Resources	Monthly

1.4   The revised Treasury Management Code covers the following Prudential Indicators which were approved by Council on 25 February 2016:
- Authorised limit for external debt
- Operational boundary for external debt
- Actual external debt
- Upper limits on fixed and variable rate exposure
- Upper and lower limits to the maturity structure of borrowing
- Upper limits to the total principal sums invested longer than 364 days.

1.5   In addition to the above indicators, where there is a significant difference between the net and the gross borrowing position the risk and benefits associated with this strategy will be clearly stated in the annual strategy.

1.6   The strategy covers:
a) Prospects for interest rates;
b) Treasury limits in force which will limit the treasury risk and activities of the Council, including prudential and treasury indicators;
c) The borrowing strategy;
d) Sensitivity forecast;
e) External and internal borrowing;
f) Debt rescheduling;
g) Policy on borrowing in advance of need;
h) The investment strategy; and
i) The policy on the use of external service providers.

2. Prospects for Interest Rates

2.1 The table shown below outlines the Council's view of anticipated movements in interest rates, based on guidance received from the Council's treasury management advisers Capita Asset Services as at 12 February 2016, and various brokers.

	March 2016	June 2016	Sept 2016	Dec 2016	March 2017	March 2018	March 2019
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	1.25%	1.75%
5 yr PWLB*	1.70%	1.90%	2.00%	2.10%	2.20%	2.80%	3.10%
10 yr PWLB	2.30%	2.40%	2.50%	2.60%	2.70%	3.30%	3.60%
25 yr PWLB	3.20%	3.20%	3.30%	3.30%	3.50%	3.70%	3.80%
50 yr PWLB	3.00%	3.00%	3.10%	3.10%	3.30%	3.50%	3.70%

* Public Works Loan Board, a statutory body operating within the UK Debt Management Office, which is an executive agency of HM Treasury. The PWLB's function is to lend money to other prescribed public bodies.

Short Term Interest Rates

2.2 The Council's treasury management advisers forecast that UK growth is likely to strengthen marginally in 2016 and 2017. It is not expected that the base rate will increase from 0.50% until Quarter 1 of 2017 at the earliest and subsequent rate rises are expected to be slow and gradual.

Long Term Interest Rates

2.3 Following advice from the Council's treasury management advisers, the Council's view on longer term fixed interest rates is that there will be little difference between 25 year and 50 year rates which are expected to remain below 3.50% throughout 2016/17. It is also expected that PWLB rates on loans less than ten years in duration will be lower than longer term loans.

3. Treasury Limits for 2016/17 to 2018/19 including Prudential Indicators

3.1 It is a statutory requirement of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 31(a), as amended by the Localism Act 2011, requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from increases in interest charges and increases in running costs from new capital projects are limited to a level, which is affordable within the projected income of the Council for the foreseeable future.

3.2 It is a statutory duty under Section 3 of Part 1 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the Affordable Borrowing Limit. The Authorised Limit represents the legislative limit specified in the Act.

3.3 The Prudential Code for Capital Finance in Local Authorities is a professional code that sets out a framework for self-regulation of capital spending, in effect allowing councils to invest in capital projects without any limit as long as they are affordable, prudent and sustainable.

Page 46

3.4   The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires the Council to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and housing rent levels is affordable.

3.5   To facilitate the decision making process and support capital investment decisions the Prudential Code and the Treasury Management Code requires the Council to agree and monitor a minimum number of prudential indicators which were approved by Council on 25 February 2016 as attached at Appendix 4.

3.6   The Strategic Director, Corporate Resources will ensure systems are in place to monitor the treasury limits and will report to Council instances where limits are breached, with the exception of short-term breaches of the Operational Boundary. The Operational Boundary is set so that if breached it acts as an early warning of the potential to exceed the higher Authorised Limit and as such temporary breaches due to debt restructuring and temporary borrowing are acceptable, providing they are not sustained.

4.   Borrowing Strategy

4.1   The Local Government Act 2003 does not prescribe approved sources of finance, only that borrowing may not, without the consent of HM Treasury, be in other than Sterling.

4.2   The main options available for the borrowing strategy for 2016/17 are PWLB loans, market loans and the Municipal Bond Agency. The interest rate applicable to either PWLB or markets loans can be fixed or variable.

4.3   Variable rate short term borrowing is expected to be cheaper than long term fixed borrowing and therefore may considered throughout the financial year. Due to the expectation that interest rates will rise, the risk of the potential increase in interest rates will be balanced against any potential short term savings.

4.4   There are different types of market loans available, including variable and fixed interest rate loans and Lender Option/Borrower Option (LOBO) loans. A LOBO is a loan where the lender can exercise their right to increase the interest rate of the loan at each call date. The borrower can then choose to either accept the higher interest rate or repay the loan. These loans are usually offered at an interest rate lower than the corresponding PWLB loan rate but this option increases the risk that it may be necessary to replace a loan at a time when the interest rates are high.

4.5   To mitigate this risk a limit is placed on the total level of borrowing that can be taken as variable interest rate loans. To provide scope to utilise new market products should they become available as well as minimise the cost of borrowing and increase the diversification of the debt portfolio it is proposed that the limit on variable rate loans should be 40% of total borrowing in 2016/17.

4.6   The main strategy is therefore:
●   When 25 year PWLB rates fall within the average forecast rate for 2016/17 of 3.20% borrowing should be considered, with preference given to terms of less than 35 years to enhance the diversity of the borrowing portfolio.
●   Consideration will be given to borrowing market loans which are at least 20 basis points below the PWLB target

Sensitivity of the forecast

4.7   The Council, in conjunction with Capita Asset Services, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to any changes. The main sensitivities of the forecast are likely to be the two scenarios below:

-   *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

-   *if it was felt that there was a significant risk of a sharp FALL in long and short term rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered

4.8   Against this background, caution will be adopted in the management of the 2016/17 treasury operations. The Strategic Director, Corporate Resources will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances having delegated powers to invest and manage the funds and monies of the Council.

External and Internal Borrowing

4.9   As at 12 February 2016 the Council has net debt of £511.296m; this includes total borrowing of £617.899m and investments of £106.603m.

4.10   Investment returns are likely to remain relatively low during 2016/17 and beyond and interest rates are expected to be below long term borrowing rates therefore value for money considerations indicate that best value can be obtained by delaying new external borrowing and by using internal cash balances to finance new capital expenditure in the short term (this is referred to as internal borrowing). Any short term savings gained from adopting this approach will be weighed against the potential for incurring additional long term costs by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be higher. This position will be monitored on an ongoing basis during 2016/17 in response to any changes to interest rates and forecasts.

4.11   The Council has examined the potential for undertaking early repayment of some external debt to the PWLB in order to reduce the difference between its gross and net debt positions. The significant difference between early redemption rates and interest rates payable on PWLB debt means that large premiums are likely to be incurred by such action. This situation will be monitored in case the differential is narrowed by the PWLB.

Borrowing in advance of need

4.12   The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure that it is in line with the projected

capital financing requirement and prudential indicators and that the Council can demonstrate value for money and ensure the security of the funds.

4.13   In determining whether borrowing will be undertaken in advance of need the Council will;

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow; and
- consider the alternative forms of funding.

Municipal Bond Agency

4.14   It is likely that the Municipal Bond Agency, will be offering loans to local authorities in the near future. The agency has declared itself open for business after issuing its first operating framework to councils. Once approved the agency will develop plans for its first issue of bonds. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). The Council will consider this as an additional source of borrowing as and when appropriate.

5.   Debt Rescheduling

5.1   Any rescheduling opportunities will be considered in line with procedures approved under the Council's Treasury Management Practice Statements and will include a full cost/benefit analysis of any proposed variations. Any positions taken via rescheduling will be in accordance with the strategy position outlined in Section 4 above and will also take into account the prudential and treasury limits.

5.2   The reasons for any proposed rescheduling will include:
- the generation of cash savings at minimum risk; and
- the amendment of the maturity profile and/or the balance of volatility in the Council's borrowing portfolio.

5.3   The Strategic Director, Corporate Resources in line with delegated powers outlined in the approved Treasury Management Practice Statement, will approve all rescheduling.

5.4   As short term borrowing rates are expected to be cheaper than longer term rates, there may be opportunities to generate savings by switching from long term debt to short term debt. Opportunities identified will take into consideration the likely cost of refinancing these short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.

5.5   Consideration will also be given to the potential for making savings by running down investment balances by repaying debt prematurely as short term rates on investments are likely to be lower than rates paid on currently held debt. However, this will need careful consideration in the light of premiums that may be incurred by such a course of action and other financial considerations.

All rescheduling will be reported to Council in the mid-year and annual reports.

6.   Investment Strategy 2016/17 to 2018/19

Introduction

6.1   The Council has regard to the CLG's Guidance on Local Government Investments and CIPFA's Code of Practice. The Council must produce a strategy on an annual basis which covers the subsequent three year period.

6.2   This annual strategy states which investments the Council may use for the prudent management of its treasury balances during the financial year under the categories of **specified investments** and **non-specified investments.**

6.3   Specified investments are denominated in Sterling, are for periods of 364 days or less and do not involve the acquisition of share or loan capital in any corporate body. Such an investment will be with either:
- the UK Government or a local authority, parish or community council, precepting or levying body or
- a body or investment scheme which has been awarded a high credit rating by a credit rating agency.

6.4   Non-specified investments are deemed more risky and guidance on local government investments requires more detailed procedures. Such procedures are required in order to regulate prudent use and establish maximum amounts which may be invested in each category.

6.5   Both specified and non-specified investment types currently utilised by the Council are detailed in Appendix 6, along with approved limits. In addition to these, numerous other investment options are available for use and these may be considered suitable for use in the future. Should this be the case then the option will be evaluated in line with the procedures contained within the approved Treasury Management Practice Statement.

Investment Objectives

6.6   All investments will be in Sterling.

6.7   The Council's primary investment objective is the security of the capital investment. The Council will also manage the investments to meet cash flow demands and to achieve a reasonable return commensurate with the proper levels of security and liquidity. The risk appetite of the Council is low in order to give priority to security of its investments.

6.8   The borrowing of monies purely to invest is unlawful and the Council will not engage in such activity.

Changes to the Credit Rating Methodology

6.9   Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions.

6.10 The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have began removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency

6.11 In keeping with the agencies' new methodologies, the rating element of our own credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used for Standard & Poor's, this has been a change in the use of Fitch and Moody's ratings. It is important to stress that the other key elements to our process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.

6.12 The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. While this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AA+. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background, will still have an influence on the ratings of a financial institution.

6.13 It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution. They are merely reflective of a reassessment of rating agency methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the "support" phase of the financial crisis.

Creditworthiness Policy

6.14 The Council uses the creditworthiness service provided by Capita Asset Services to assess the creditworthiness of counterparties. The service provided by Capita Asset Services uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but

also uses the following information as overlays which are combined in a weighted scoring system:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap spreads, financial agreements that compensate the buyer in the event of a default, which give an early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

6.15 The end product of this modelling system is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service gives the required level of security for its investments. It is also a service which the Council would not be able to replicate using in-house resources.

6.16 Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and information, information on government support for banks and the credit ratings of the government support.

6.17 The Council has also determined the minimum long term and short term ratings it deems to be "high" for each category of investment. These "high" ratings allow investments of 364 days or less to be classified as **specified investments**. The Council's approved limits for this "high" credit rating for deposit takers are as follows:

High Rated	Fitch	Moody's	Standard & Poor's
Short Term (ability to repay short term debt)	F1	P1	A1
Long Term (ability to repay long term debt)	AA-	Aa3	AA-

6.18 To ensure consistency in monitoring credit ratings throughout 2016/17 the Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties, as the credit rating agency issuing the lowest rating could change throughout the year as agencies review the ratings that they have applied to countries, financial institutions and financial products. The ratings of all three agencies will be considered, with Fitch being used as a basis for inclusion on the lending list. In addition to this the Capita Asset Services creditworthiness service will be used to determine the duration that deposits can be placed for. This service uses the ratings from all three agencies, but by using a scoring system, does not give undue consideration to just one agency's ratings.

6.19 The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Capita Asset Services weekly credit list of worldwide potential counterparties. The maximum maturity periods and amounts to be placed in different types of investment instruments are detailed in Appendix 6.

6.20 UK Government nationalised/part nationalised banks will have a maximum limit of 40% or £20m of total investment, all other counterparties will not exceed a maximum

limit equal to 20% of total investments or £15m. Unless there are major changes in the level of investment balances throughout the year this limit will be reviewed prior to the commencement of each financial year.

6.21   Where more than one counterparty from a group is included on the counterparty list the group in total will be controlled by the above limits with the maximum limit being that of the parent company. Within the group each counterparty/subsidiary will have individual limits based on their creditworthiness although the total placed with the subsidiaries will not exceed the limit of the parent company. Subsidiaries that do not satisfy the minimum credit criteria will not be included.

6.22   A number of counterparties are also approved by the Strategic Director, Corporate Resources for direct dealing. These counterparties are included on the approved list and dealing will be within agreed limits. Direct dealing with individual counterparties must be approved by the Strategic Director, Corporate Resources prior to investments being placed.

Nationalised/Part Nationalised Banks

6.23   A number of banks in the UK do not conform to the credit criteria usually used to identify banks that are of high credit worthiness. In particular, as they are no longer separate institutions in their own right it is impossible for an individual rating to be assigned to them. Due to Government ownership these institutions now have the highest short-term rating possible as they effectively take on the creditworthiness of the Government and deposits placed with them are effectively with the Government. Taking this into consideration they have the highest rating possible. As a result of this when deposits are being considered with these counterparties the limits will be in accordance with the Capita Asset Services creditworthiness list.

6.24   Where the bank has not been fully nationalised but receives support from the UK Government the individual rating of the bank will not be taken into consideration and the relevant banks will be included on the Council's lending list as prescribed by the Capita Asset Services creditworthiness list as detailed in 6.23.

Foreign Banks

6.25   Only banks domiciled in countries with a minimum sovereign rating of AA+ will be considered for inclusion on the approved list, they must also meet the high rated lending criteria and have operations based in London. Limits will be prescribed by the Capita Asset Services creditworthiness list and limited to 364 days or less. Each country will be limited to the maximum investment limit of £15m or 20% of the Council's total investments. A list of those countries with a minimum sovereign rating of AA+ are shown in Appendix 7.

Local Authorities

6.26   The Council invests with other Local Authorities on an ad hoc basis; each investment is considered on an individual basis and agreed by the Strategic Director, Corporate Resources, prior to funds being placed. Limits are detailed at Appendix 6.

Non-specified Investments

6.27 In addition to the above specified investments, the Council has also fully considered the increased risk of **non-specified investments** and has set appropriate limits for non-high rated deposit takers. These are as follows:

Non High Rated	Fitch	Moody's	Standard & Poor's
Short term	F1	P1	A1
Long term	A-	A3	A-

Limits for non-high rated counterparties and non-rated building societies are detailed at Appendix 6.

6.28 The credit ratings will be monitored as follows:
   - All credit ratings are reviewed weekly. The Council has access to Fitch, Moody's and Standard and Poor's credit ratings and is alerted to changes through its use of the Capita Asset Services creditworthiness service. Ongoing monitoring of ratings also takes place in response to ad-hoc e-mail alerts from Capita Asset Services.
   - If a counterparty's or deposit scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the further use of that counterparty/deposit scheme as a new deposit will be withdrawn immediately.
   - If a counterparty is upgraded so that it fulfils the Council's criteria, its inclusion will be considered for approval by the Strategic Director, Corporate Resources.

6.29 Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and information on government support for banks and the credit ratings of government support.

Investment balances / Liquidity of investments

6.30 The Council deposits funds beyond 364 days to a maximum of three years. This will continue where the counterparty is deemed to be a low credit risk to ensure a good rate of return is maintained in the current market conditions. Deposits beyond 364 days will only be considered when there is minimal risk involved. With deposits of this nature there is an increased risk in terms of liquidity and interest rate fluctuations. To mitigate these risks a limit of £15m (20% of total investments) has been set and a prudential indicator has been calculated (See Appendix 4). Such sums will only be placed with counterparties who have the highest available credit rating or other local authorities.

6.31 Deposits for periods longer than 364 days are classed as **non-specified investments** and this will increase the total limit of overall deposits in this classification to 75%.

Investments defined as capital expenditure

6.32   The acquisition of share capital or loan capital in any body corporate is defined as capital expenditure under Section 16(2) of the Local Government Act 2003. Such investments will have to be funded out of capital or revenue resources and will be classified as **'non-specified investments'**.

6.33   A loan or grant by the Council to another body for capital expenditure by that body is also deemed by regulation to be capital expenditure by the Council. It is therefore important for the Council to clearly identify if the loan was made for policy reasons (e.g. to a registered social landlord for the construction/improvement of dwellings) or if it is an investment for treasury management purposes. The latter will be governed by the framework set by the Council for 'specified' and 'non-specified' investments.

Internal Investment Strategy

6.34   The Strategic Director, Corporate Resources will monitor the interest rate market and react appropriately to any changing circumstances.

6.35   The Council takes the view that base rate will remain unchanged at 0.50% before starting to rise from quarter 1 of 2017 so short term deposits, up to 364 days, will be utilised to cover cash flow and minimise risk to the Council. Bank rate forecasts for financial year end are 2016/17 0.75%, 2017/18 1.25% and 2018/19 1.75%.

6.36   The overall balance of risks to these forecasts is currently to the downside (i.e. start of increases in Bank Rate occurs later). However, should the pace of growth quicken and/or forecasts for increase in inflation rise, there could be an upside risk.

6.37   The Council will avoid locking into longer term deals while investment rates are down at historically low levels. Long term deposits, beyond 364 days, will only be used where minimal risk is involved and the counterparties are considered to be supported by the UK Government.

Investment Risk Benchmark

6.38   The council will use an investment benchmark to assess the investment performance of its investment portfolio against the 7 day LIBID. The Council is also a member of the Capita Asset Services(CAS) investment benchmarking Group who meet twice annually. As a member, quarterly reports on comparative performance with other members of the group and the wider CAS client base are received. The benchmark return for the group is a reasonable target for the council, which allows the relative risk appetite to be considered as part of the benchmark.

End of year investment report

6.39   By the end of September each year the Council will receive a report from Cabinet on its investment activity as part of its annual treasury report.

Policy on use of external service providers

6.40   The Council currently uses Capita Asset Services as its external treasury management advisers.

6.41 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

6.42 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Scheme of Delegation

6.43 As required by the Guidance Notes for Local Authorities the Treasury Management Scheme of Delegation is detailed below.

Council
- Approve treasury management policy and strategy prior to the start of each financial year;
- Approve the annual investment strategy prior to the start of each financial year; and
- Agree the annual report.

Cabinet
- Receive and review treasury management policy and strategy prior to the start of each financial year;
- Receive and review the annual investment strategy prior to the start of each financial year;
- Approve and monitor prudential and treasury indicators.
- Receive and review the annual report; and
- Approve any proposed variations in treasury management policy and strategy, annual investment strategy or prudential and treasury indicators.

Audit and Standards Committee
- Scrutinise the treasury management policy, strategy and practices and make recommendations to Cabinet; and
- Agree mid-year monitoring report.

Role of the Section 151 Officer

6.44 As required by the Guidance Notes for Local Authorities the role of the Section 151 Officer in relation to treasury management is detailed below.
- Recommending the Code of Practice to be applied, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Receiving and reviewing management information reports;
- Reviewing the performance of the treasury management function;
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring the adequacy of internal audit, and liaising with external audit; and
- Arranging for the appointment of external service providers.

7.   Other Issues

Heritable Bank Deposits

7.1   When Heritable bank entered administration in October 2008 the Council had £2.8m invested which was due to mature with interest by the end of 2008/09.

7.2   To date dividends totalling £2.736m (98.00p in the £) have been received. This is an overachievement against the initial estimate of a return of 90p in the £. The most recent update from the administrators confirmed that they do not intend to make any further distributions of dividend until the resolution of the ongoing litigation of their claim with Landsbanki.

Prudential Indicators –Treasury Management

Authorised Limit For External Debt			
	2016/17 £000	2017/18 £000	2018/19 £000
Borrowing	750,000	765,000	770,000

Operational Boundary For External Debt			
	2016/17 £000	2017/18 £000	2018/19 £000
Borrowing	725,000	740,000	745,000

Treasury Indicators

Upper Limit on Fixed and Variable Interest Rates Exposures			
Range	2016/17 £000	2017/18 £000	2018/19 £000
Fixed Rate: Upper Lower	624,164 357,170	622,283 333,322	620,814 342,848
Variable Rate: Upper Lower	152,227 (30,000)	192,476 (30,000)	186,854 (30,000)

Upper and Lower Limits for the Maturity Structure of Borrowings		
	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and within 20 years	50%	0%
20 years and within 30 years	50%	0%
30 years and within 40 years	50%	0%
40 years and within 50 years	60%	0%
50 years and above	30%	0%

Upper Limit on Amounts Invested Beyond 364 Days			
	2016/17 £000	2017/18 £000	201819 £000
Investments	15,000	15,000	15,000

Specified Investments (All Sterling Denominated)

Investment type	Share/ Loan Capital	Repayable/ Redeemable within 12 months	Security / Minimum Credit Rating	Capital Expenditure	Circumstance of use	Maximum period
Term deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under Section 23 of the 2003 Act) with maturities up to 364 days.	No	Yes	High security although LA's not credit rated. *See section 6.3*	No	In-house	364 days
Term deposits with credit-rated deposit takers (banks and building societies), including callable deposits with maturities up to 364 days.	No	Yes	Secure Varied minimum credit rating *See section 6.3*	No	In-house	364 days
Money Market Funds (including 7 day notice account) These funds are instant access and therefore do not have a maturity date.	No	Yes	Secure Varied minimum credit rating *See section 6.3*	No	In-house	The investment period is subject to liquidity and cash flow requirements. It is assumed that funds are placed overnight and will be returned and reinvested the next working day (although no actual movement of cash may take place).

Non-Specified Investments (All Sterling Denominated)

Investment type	(A) Why use it (B) Associated risks	Share/ Loan Capital	Repayable/ Redeemable within 12 months	Security / Minimum credit rating	Capital Expenditure	Circumstance of use	Max % of overall investments	Maximum maturity of investment
Rated deposit takers (banks and building societies) which do not meet the Council's "high" credit rating	(A) To improve ability to place smaller amounts (B) Greater risk than "high" credit rating counterparties but advance warning by rating agency of potential problems. The Council has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.	No	Yes	Secure Varied minimum Credit rating *Minimum: Long term A- Short term F1*	No	In-house	75%	6 months (but set on an individual counterparty basis)
Term deposits with UK Government, UK Local Authorities or credit rated banks and building societies, with maturities over 1 year	A) To improve the ability to "lock in" at times of high interest rates to secure a higher return over a longer period should rates be forecast to fall. B) Lower liquidity and greater risk of adverse interest rate fluctuations. The Council has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.	No	No	Secure Varied minimum credit rating	No	In-house	20%	3 years

Certificate of Deposits issued by banks and building Societies	A) Provides additional counterparties, as many banks do not want to take fixed term cash deposits. B) Credit risk could change but if adverse there is an option to sell onto a secondary market. The Council has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.	No	Yes	Secure Varied minimum Credit rating *Minimum:* *Fitch* *Long term* *A-* *Short term* *F1*	No	In-House	20%	12 months (but set on an individual counterparty basis)

Maximum Maturity Periods and Amounts

Organisation	Criteria	Max Amount*	Max Period
High Rated (Specified Investments – High rated and up to 364 days see Appendix 5) Foreign Banks	Minimum Fitch rating of F1 short term and AA- long term. Consideration to be given to Moody's minimum rating of P1 short term backed by Aa3 long term and S&P minimum rating of A1 short term and AA- long term. Must meet the minimum high rated criteria above and have a minimum sovereign rating of AA+	£20m (Gov't Backed, otherwise £15m) £15m country limit	3 years 364 Days
Non-High Rated	Minimum Fitch rating of F1 short term and A- long term. Consideration to be given to Moody's minimum rating of P1 short term backed by A3 long term and S&P minimum rating of A1 short term and A- long term.	£5m	6 months
UK Local Authorities	(i.e. local authorities as defined under Section 23 of the 2003 Act) Each investment is considered on an individual basis	£10m	3 years
Money Market Funds	AAA long-term rating backed up with lowest volatility rating (MR1+) with assets >£1bn	£7.5m	Overnight

* Restricted to a maximum of either 40% or 20% of total investments depending on the counterparty.

This list is based on those countries which have sovereign ratings of AA+ or higher at 05/02/2016.

AAA
- Australia
- Canada
- Denmark
- Finland
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland
- U.S.A

AA+
- U.K.

Gateshead Council

TITLE OF REPORT: **Councillor Engagement and Development Framework**

REPORT OF: **Mike Barker, Strategic Director, Corporate Services and Governance**

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Purpose of the Report

1. To consult the Committee on the recently finalised Councillor Engagement and Development Framework ("The Framework").

Background

2. The Council has, over the years, developed a number of procedures, processes and protocols which, taken together, are intended to help guide councillors on how they undertake their duties, in particular relating to consultation, engagement, training and development.

3. On 11 March 2015 the Councillor Support and Development Group received a report which outlined ongoing work to review and update existing procedures and protocols, and to produce new ones where required. The Group supported the review along with the proposed development of a new overarching councillor engagement and development framework. On 9 September 2015 the Group received and approved a draft framework subject to a period of further consultation with councillors in the Group which has now been undertaken. The Group thought it was appropriate to ask this Committee, because of the framework's obvious link to the promotion of high standards, to review it and pass on any comments for potential incorporation, prior to it progressing through Cabinet and on to Council.

Summary

4. The Framework is attached at Appendix 1 and contains the following sections:
    *   A foreword by the Leader of the Council
    *   How the Council Works
    *   The Council's Officer Structure
    *   Communication and Consultation
    *   Councillor Development
    *   Feedback, Concerns and Compliments
    *   ICT Provision

5. At the end of most of the sections there is a 'Related Information' heading. This lists a number of related documents for further reference. There will be hyperlinks to the documents once the framework has been approved.

6. As part of the review, all protocols and procedures relating to engaging with councillors were reviewed and updated as required. In addition, some new protocols have been created. The new protocols and those which have been amended are attached for the Group's consideration as outlined in the following sections.

How the Council Works

This section includes a reference to the Protocol on Advisory Groups which has been updated to refer to the current advisory group structure. This is attached at Appendix 2.

Communication and Consultation

7. There are two existing protocols relating to communicating and consulting with councillors and these have now been merged into one new protocol. The protocol outlines the timescales which are expected to be followed when enquiries are made by councillors, as well as outlining when councillors should be consulted about issues affecting their wards. This is attached at Appendix 3.

8. The protocol on councillor/officer relations has been substantially reviewed and updated. It stresses mutual respect between councillors and officers and attempts to give clarity on what each can expect from the other. The revised protocol is attached as Appendix 4.

9. The protocol on 'Handling the Media' has been updated and is attached at Appendix 5.

Councillor Development

10. A Protocol on councillor's learning and development has been drawn up which includes what is expected in terms of attendance at meetings, training sessions and completion of Personal Development Plans. This is attached at Appendix 6.

11. All training and development is important but some areas are considered essential so councillors are asked to undertake to attend courses on:
    * Ethics, probity and the Code of Conduct;
    * Training relating to committee membership;
    * Equalities; and
    * Child Protection.

12. A new Protocol has been produced specifically dealing with councillor attendance at meetings. In view of the crucial importance of this area, it is considered appropriate that Council is asked to add this Protocol to the 'Associated Protocols' in the Code of Conduct for Members, so that a failure to comply with the Protocol could be seen as a breach of the Code. The Protocol is attached at Appendix 7.

13. The protocol on Councillors' Attendance at Conferences and Training Events has been reviewed and is attached at Appendix 8.

14. Most councillors are appointed to serve on outside bodies. To aid councillors understanding of their roles and assist them to carry out their duties effectively a role descriptor has been prepared, together with a protocol setting out general guidance and potential pit falls. The protocol is attached at Appendix 9.

15. The existing role descriptors have been reviewed and new ones produced for the following:

- Councillor member of Health and Wellbeing Board;
- Chair or vice chair of Health and Wellbeing Board;
- School Governor; and
- Audit and Standards Committee Member.

The above descriptors are attached at Appendix 10. Committee's attention is specifically drawn to the new role descriptor for members of this Committee and asked to give views on its appropriateness.

Recommendation

16. Committee is asked to give full consideration to the framework and to give any suggestions for improvement prior to it going to Cabinet then on to Council for formal approval.

Contact: Martin Harrison – Ext. 2101

Gateshead Council

Councillor Engagement and Development Framework

February 2016

IN UNITY, PROGRESS

Councillor Engagement and Development Framework

Foreword by the Leader of the Council

In Gateshead, we believe continuous councillor development is essential to ensure that councillors update their knowledge and learn new skills and behaviours to guide decision making.

To support that ambition, this framework has been developed, which is the culmination of a recent review and refresh of all aspects of engagement with councillors, and their development and support.

The framework brings together, in a clear and accessible format, all the existing protocols, which have been revised and refreshed where necessary, and establishes new ones where appropriate. Also within the framework will be the advice and guidance provided to officers on how to engage, consult and brief councillors.

Each section contains advice, guidance and protocols on the relevant aspects, in order to assist you and officers to provide the best support.

I hope you find this guide useful and use it to fully support your role as a Gateshead councillor.

Mick Henry

Councillor Mick Henry
Leader of Gateshead Council

Contents

1. How the Council Works

2. The Council's Officer Structure

3. Communication and Consultation

4. Councillor Development

5. Feedback, concerns and compliments

6. ICT Provision

How the Council Works

In May 2002, the Council adopted a new constitution prepared under the Local Government Act 2000. The constitution is based on the following allocation of responsibilities:

* the full Council sets the budget and policies for Council services
* the Leader and Cabinet take responsibility for ensuring that these policies are delivered and for developing proposals for changes to policy or new policies
* overview and scrutiny committees (OSCs) review decisions, scrutinise performance and ensure that all agencies work together to improve the quality of life for Gateshead residents
* two advisory groups that report directly to Cabinet

The constitution requires that all decisions are made openly and transparently, after proper consultation and with regard for the principles of human rights and equal opportunities. The Council's decision-making system is designed to:

* support councillors in representing their local communities
* help councillors to identify their priorities more clearly
* provide a sound basis for tackling cross-cutting issues
* provide a focus for community leadership and partnerships with other organisations

The Council
The full Council, consisting of all 66 elected members, meets every six weeks plus an annual meeting and a budget meeting. Its role is to:

* agree the policy framework, strategies and plans
* agree the budget
* decide the political management framework
* appoint the Leader

The Council also receives reports from Cabinet members and from Overview and Scrutiny committees. Councillors can put forward notices of motion, which initiate debates on topics of major significance to the Borough. Councillors may also question the Leader and Cabinet members, and present petitions on behalf of local residents. Members of the public can also ask questions or present petitions, provided they give notice.

The six-weekly Council meeting is above all the 'public face' of decision making – the forum at which all members gather to determine, in the public spotlight, the most significant policy issues facing the Borough. To bring the Council closer to the people, some Council meetings have been held outside the Civic Centre.

The Cabinet
The Cabinet consists of ten members headed by the Leader of the Council, who appoints the nine other members, one of whom is appointed Deputy Leader. The Cabinet provides political leadership and direction across the whole range of Council services and considers all policy issues.

While the Cabinet acts collectively, individual Cabinet members have their own portfolio allocated to them by the Leader. Cabinet members work in teams, with one lead member supported by one or two others, depending on the size of the portfolio. The Cabinet collectively

makes decisions on most Council services within the budget and policy framework set by the full Council. It meets fortnightly and its meetings, like those of other Council bodies, are held in public – except where personal or confidential information is to be discussed.

Decision Making Committees
By law, decisions about planning applications, licences and similar matters may not be taken by the Cabinet. The Council has therefore set up separate committees, consisting of non-Cabinet members, to take these decisions. The main committees are:

- **Accounts** - which approves the annual statement of accounts and statement on internal control
- **Appeals** - which hears appeals on a range of service issues such as exclusion from the housing register
- **Audit and Standards** - this Committee meets, reviews, monitors and approves the Council's arrangements for audit, both internal and external, risk management and the overall control environment. It is also responsible for promoting and monitoring high standards of conduct and assists all councillors to observe the code of conduct.
- **Health and Wellbeing Board** - this Board, which comprises of councillors and representatives of partner health organisations, leads on the production of the Joint Strategic Needs Assessment and a Joint Health and Wellbeing Strategy, both of which aim to advance the health and wellbeing of residents in Gateshead.
- **Licensing** - which deals with liquor licensing and public entertainment
- **Planning and Development** - which deals with planning applications
- **Personnel Appeals** - which hears appeals from employees on matters relating to their employment
- **Regulatory** - which grants various types of licence (e.g. for hackney carriages)
- **Rights of Way** - which makes decisions on bridleways and footpaths.

Overview and Scrutiny Committees
The Council has four overview and scrutiny committees (OSCs), again consisting wholly of non-Cabinet members. Between them, the OSCs cover all the Council's services, but each OSC focuses on a specific aspect of the Council's priorities. The OSCs are:

- **Care, Health and Wellbeing** - which reviews social services (except those for children and young people) and health services
- **Communities and Place** - which examines economic development; lifelong learning; culture (including leisure); housing; physical development and regeneration; transport planning and public transport; and local environment, including climate change. There is also a Community Safety sub-committee, which looks specifically at issues relating to community safety.
- **Corporate Resources -** which focuses on the management of resources, including value for money and procurement; supporting democracy and involving local people; equalities and diversity.
- **Families -** which focuses on all services provided to children and young people, particularly education and social services. There is a Corporate Parenting sub-committee, which specifically looks specifically at the Council's role in this area.

OSCs hold decision-makers (the Cabinet and officers) to account, but also work with other parts of the Council in contributing to the development of policy. An important part of their role is to

question other agencies, public and private, whose actions affect the lives of Gateshead people, for example National Health Service Trusts.

Functions of OSCs include:

- Reviewing Council policies and making recommendations to the Cabinet and/or Council
- Considering reports on performance
- Examining decisions and, if appropriate, asking for decisions to be reconsidered before they are implemented.

Advisory Groups

Advisory Groups report directly to and advise the Cabinet. They cover all the portfolio areas and match the scope of the OSCs. There are two principal advisory groups, namely Corporate Resources and Policy. The Corporate Resources Advisory Group is chaired by the Leader of the Council and the Policy Advisory Group by a councillor nominated by the Leader of the Council, from the Policy Advisory Group pool of Chairs. All councillors can self-nominate to the pool, prior to the start of the municipal year, with the Leader appointing Chairs when required.

All councillors are invited to meetings of both of these Advisory Groups

Related information:
- *Constitution*
- *Councillors' Guide to Council Meetings*
- *Protocol on Advisory Groups*

The Council's Officer Structure

The Council employs approximately 5,000 people to provide essential services to a population of around 200,505.

The officer structure is led by the **Chief Executive,** who is responsible for:
- Working closely with the Leader of the Council, providing advice and guidance on the forward planning of objectives and the delivery of services, and in doing so, securing a corporate approach to the affairs of the authority.
- Acting as the Council's Head of Paid Service; reporting to Council on the manner in which the discharge of the Council's function is co-ordinated, the number and grade of employees required for the discharge of functions and the organisation of employees;
- Providing strategic advice and arrange other advice to the Council, Cabinet and all other council bodies;
- The strategic management of the local authority, providing advice and support to elected members; and
- Developing and maintaining key relationships with strategic partners and other agencies and bodies.

The Chief Executive leads the strategic management team (known as Strategy Group), which delivers the Council's services through the Groups outlined below.

- *Care, Wellbeing and Learning*

- *Communities and Environment*

- *Corporate Resources*

- *Corporate Services and Governance*

- *Policy, Economic Growth and Transformation*

In the absence of the Chief Executive (e.g. annual leave or otherwise uncontactable), the most appropriate Strategic Director, or in their absence a Service Director to deal with the issue, should be contacted to provide advice and support.

More detailed information can be obtained from the Guide to Gateshead Council.

Communication and Consultation

Councillors have an important role to play in their wards, taking up issues on behalf of their constituents and acting as a link between them and the Council. Councillors are entitled to expect that officers will support them in this role, and that their enquiries will be responded to in a timely manner. The protocol on Communicating and Consulting with Councillors sets out how these expectations will be realised in practice.

Councillors and officers are public servants and are indispensable to one another. Their responsibilities however are distinct. Councillors are responsible to the electorate and serve only so long as their term of office lasts. Officers work under a contract of employment and are responsible to the Council. Their job is to give advice to councillors and to the Council, and to carry out the Council's work as ultimately directed by the Council's Head of Paid Service.

The relationship between councillors and officers is an essential ingredient that contributes to the successful working of the Council. The relationship within this Council is characterised by mutual respect, honesty and trust. Councillors and officers must feel free to speak to one another openly and honestly.

The Protocol on Officer/Councillor Relations provides detailed guidance to all parties and is dependent on mutual respect. In addition, a training course has been developed for officers, which looks at how officers should engage with councillors, including writing and presenting reports at committee meetings.

There are many opportunities for councillors to obtain and discuss information about issues from officers, including reports, briefings and seminars. In addition, some Services offer specific opportunities for councillors to find out about issues affecting their wards, for example the weekly road works schedule.

Councillors must also be mindful of the Code of Conduct, which is applicable to all councillors. The code is based on a model adopted by all seven North East authorities. In general, the code covers behaviour such as councillors not abusing their position or not misusing their authority's resources. In addition, there are rules on registration and disclosure of interests. Councillors are bound by the Code when they are conducting council business or representing the Council.

Two provisions of the Code apply regardless of whether councillors are conducting council business or not. Firstly, a councillor must not act in a manner that could be regarded as bringing the Council or their office into disrepute. Secondly, councillors should not use their office improperly to secure for themselves, or any other person, an advantage or disadvantage.

In particular, the Code of Conduct requires councillors:

- to promote equality by not discriminating unlawfully against any person;
- to treat others with respect;
- not to compromise the impartiality of those who work for the Council;
- not to prevent anyone getting information they are entitled to or disclose confidential information without consent;

- not to misuse the Council's resources; and
- to report a breach of the Code to the Monitoring Officer if they reasonably believe that another councillor has broken the Code.

Related information:
- *Protocol for Communicating and Consulting with Councillors*
- *Protocol on Officer/Councillor Relations including the following protocols:*
  - *Officer Attendance at Political Group Meetings and Other Political Meetings*
  - *Public Meetings*
  - *Candidates at Elections*
  - *Parliamentary Candidates*
- *Code of Conduct for Councillors*
- *Protocol on Report Formats and Preparing reports*
- *Protocol on seminars and briefings*
- *Protocol for Handing the Media*
- *Protocol for Enquiries Made to the Leader of the Council*

Councillor Development

The Council is recognised as a 'politically mature' Council with a high degree of trust and mutual respect between members of different political parties. This positive relationship has enabled the Council to move forward, in terms of how it supports and develops its elected members.

More than ever, Councillors have an increasingly important role to play as community leaders, identifying and taking up issues on behalf of constituents, and acting as a link between their constituents and the Council. At Gateshead, we believe councillors are entitled to expect officers from all our services to support them in this role.

Support, training and development is driven by councillors for councillors, via a cross-party Councillor Support and Development Group, which is chaired by the Leader of the Council. All of this training and development aims to support frontline councillors as the lynch pin and recognises that the community champion role is a demanding one.

The Council was awarded the North East Charter for Elected Member Development in 2008 in recognition of its work in this area.

All councillors are encouraged to take the opportunity to draw up a Personal Development Plan (PDP), which is monitored on an annual basis. The PDP helps to identify areas where individuals would like extra training or development.

Personal Development Interviews
These interviews are confidential and the length will vary dependent upon the level of discussion. They provide an opportunity for you to reflect on your development needs in your current role and as a result, a personal development plan will be prepared tailored to your needs for the coming year. Role descriptors and the associated skills required are available to assist with this process. These interviews are optional but we would encourage you to take up this opportunity.

Your PDP will be updated at least annually and should be a "living document" that is refreshed to take into account your growing experience and changing needs.

Role Descriptors
Role descriptors have been developed for the following:

- Councillor
- Cabinet Member
- Chair or Vice Chair of a Decision Making Committee or Overview and Scrutiny Committee
- Chair or Vice Chair of the Health and Wellbeing Board
- Councillor Member of the Health and Wellbeing Board
- Planning and Development Committee Member
- Overview and Scrutiny Committee Member
- Regulatory Committee and Licensing Committee Member
- Audit and Standards Committee Member

- Appointment to Outside Bodies
- Partnership Members
- School Governor

Induction Programme for new Councillors

All newly elected councillors are encouraged to undertake the Council's induction programme. The programme has been designed over a number of years to assist new councillors in their new role with the Council. The programme offers an introduction to the Council, meetings with the Leader and Chief Executive, and meetings with the strategic management team in order to find out more about the services the Council provides to the residents of Gateshead.

New councillors are also allocated a 'buddy' – a more experienced councillor who can offer advice and support on any issue during the first few weeks and months.

In the months following the election, sessions are offered on a range of issues including Equality and Diversity, Local Government Finance, Code of Conduct for Councillors, Partnerships, Scrutiny, Risk Management and Health and Safety.

Training for new Mayors

Members who are elected to the office of Mayor will attend a specialised training session aimed at incoming Civic Heads and their teams, including Deputy Mayors. Apart from the planned content, the seminar provides an opportunity to meet and network with people in similar roles. The seminar focuses on the role of the Civic Head and there is also a session on chairing Council meetings, which includes reference to the challenges of multi-party participation. There will be an opportunity to discuss any concerns you may have and arrange further support. Further one-to-one and group sessions can be arranged on areas such as public speaking if so required.

Appointments to Outside Bodies

Most councillors are appointed to serve on outside bodies. To aid councillors' understanding of their roles and assist them to carry out their duties effectively, a role descriptor has been prepared, together with a protocol setting out general guidance and potential pitfalls.

Related information

- *Protocol for Councillor Development*
- *Personal Development Plan Template*
- *Role Descriptors*
- *Protocol on Councillors Attendance at Conferences and Training Events*
- *Protocol on Appointments to Outside Bodies: The Councillors' Roles – General Guidance and Potential Pitfalls.*

Feedback, concerns and compliments

Complaints and compliments
The Council aims to deliver the best possible services and needs to know if it is getting it right. The Council's aim is to provide the best possible services to Gateshead residents. We appreciate all our customers' comments, good or bad. An annual report is produced and available to all elected members.

Complaints
We believe that every customer has a right to complain. When residents give their views to the Council, they help us to:

- Put things right if we have made mistakes
- Continually improve our services and make sure we do not repeat mistakes.

A customer may complain because:
- We failed to provide them with a service
- We provided them with a poor standard of service
- We provided the service in an unfair or discriminatory manner.

How does the process work?
All complaints will be treated confidentially. Any information given is covered by the Data Protection Act. This means that we:

- Will keep personal data safe and secure
- Will not share it with other organisations without permission unless the law says we must and
- May use it to prevent and detect fraud.

Compliments
The Council also appreciates any comments about the services it provides. Views can be given by email, by phone, in writing or in person. This is helpful as it identifies where the Council is performing well and helps to spread good working practices.

Concerns or compliments from councillors
In the event that a councillor is dissatisfied with the conduct, behaviour or performance of an officer, the matter should be raised with the appropriate Strategic Director. Where the employee is the Chief Executive, the matter should be raised with the Monitoring Officer. Attempts will be made to resolve the matter informally but, if this ineffective, it may be necessary to invoke the Council's disciplinary procedures.

Any positive feedback or compliments on the performance of an officer should be brought to the attention of the relevant Strategic or Service Director. To make it easier for councillors to record compliments or concerns about any issue, a dedicated inbox has been created, which is accessible only by councillors. All information received using this method will be treated as confidential and passed to the relevant Service Director.

Related information:
- *Complaints Procedure*
- *Dedicated email address for feedback*

ICT Provision

All councillors will be provided with an iPad and/or iPhone to assist with carrying out their role as a ward councillor. In addition, the Council uses mobile devices as its primary method to share agendas and papers with councillors, and communicate with them.

When using these mobile devices, councillors need to be mindful of the Councillors ICT Security Policy and will be asked to sign the Acceptable Use Policy for Mobile Devices when they receive their equipment.

The use of Information and Communication Technology (ICT) helps the Council to provide effective and efficient services and is a vital tool in the work of many councillors. The purpose of the policies is to ensure that, as users of the Council's ICT systems, you are aware of the security risks that are always present and help protect the Council's information from all threats, whether internal or external, deliberate or accidental. The adoption of the policies provides a firm indication that the Council is taking "due care" of information which is one of the basic requirements of the Data Protection Act 1998.

By following the policies, you will help minimise the potential risk of disruption to Council business and help ensure that data held on Council systems remains secure.

As well as the ICT Security Policy, there are also various laws that determine how computers should be used, such as the Computer Misuse Act 1990 and the Data Protection Act 1998. Therefore, to ensure you comply with both the law and Council policy, it is important that you:

- Never let anyone else know your password. You should treat your password as you would your bank card PIN code, and if you have reason to believe that someone knows it you should change it immediately.
- Do not allow anyone else to use equipment that is logged on under your user name.
- Do not make, or attempt to make, any changes to the operating system or settings on Council computers.
- Do not access or attempt to access any files, folders, logs, reports, messages, systems or information that you are not authorised to access.
- Take care to ensure that display screens cannot be overlooked when working on sensitive data.
- If in doubt on any matter relating to computer security, please seek advice from ICT Services.

Related information:
- *Councillors ICT Security Policy*
- *Acceptable Use Policy for Mobile Devices*

Protocol on Advisory Groups

Purpose of Advisory Groups

1. The Cabinet will draw on the advice and experience of non-Cabinet councillors and will involve them constructively in the process of policy formulation. This can be achieved partly by their involvement in Advisory Groups.

2. The purpose of Advisory Groups is to enable the Cabinet to seek advice before a firm line is fixed, in an informal setting and from a broad range of councillors. Meetings of Advisory Groups will usually be held in response to a request from the Leader or Cabinet for advice on a specific issue or issues. Meetings will focus on a discussion of issues and giving advice rather than arriving at a formal resolution.

Structure of Advisory Groups

3. There are two Advisory Groups as follows:

   - Corporate Resources Advisory Group
   - Policy Advisory Group

4. There is also one other Advisory Group:
   - Gateshead Capacity Building Fund

5. All councillors are invited to attend meetings of the Corporate Resources and Policy Advisory Groups. The Gateshead Capacity Building Fund Advisory Group has a core membership and only those councillors are invited to attend meetings.

6. The Corporate Resources Advisory Group is chaired by the Leader of the Council and the Policy Advisory Group is chaired by a councillor nominated by the Leader from the Policy Advisory Group pool of chairs.

Convening and Attending Advisory Groups

7. The Cabinet will decide whether to seek advice from an Advisory Group on any particular issue. If an officer considers that there is a need for advice to be sought from an Advisory Group then this should be highlighted to the Cabinet within a Cabinet report or approval sought from the Leader of the Council. It is essential that there is clarity why and on what issues the views of an Advisory Group are being sought.

8. Once it has been agreed that a meeting of an Advisory Group should be held, an officer of Democratic Services, Corporate Services and Governance will arrange the meeting. The officer will ensure, as far as practicable, that the meeting is arranged on a date convenient for the Chair, the relevant Cabinet members and the lead officers for that particular issue.

9. Officers should not prepare a formal report for the Advisory Group meeting. Instead, the Advisory Group will be given a presentation outlining the background to the issue, the main points and clearly stating what councillors are being asked to give views on. Officers should also prepare a discussion paper, generally no more than 1 side of A4, to assist their presentation, to be circulated prior to the meeting.

10. All members of the Strategy Group will be advised when Advisory Group meetings are being held and the issues being considered. Strategic Directors need only attend or be represented at these meetings if they consider it appropriate to do so.

11. Advisory Groups can only express views. The Democratic Services Officer will prepare minutes of the Advisory Group summarising all the views expressed, including those issues where there is difference of view. The minutes from the Advisory Group meetings should be attached to any further report prepared for the Cabinet on that particular issue.

Protocol for Communicating and Consulting with Councillors

Councillors have an important role to play in their wards, taking up issues on behalf of their constituents and acting as a link between them and the Council.

Councillors are entitled to expect that officers will support them in this role. In particular, officers are expected to:

- **Consult** councillors about proposals affecting their ward
- **Communicate** with councillors about things happening in their ward
- **Respond promptly** and effectively to ward issues raised by councillors.

This Protocol sets out how these expectations will be realised in practice.

Responding to Councillors' Enquiries
1. Officers will acknowledge all enquiries from councillors by the end of the next working day and send a full reply within five working days.

2. When an officer is unable to send a full reply within this timescale, then an explanation will be given to the councillor stating how long the response is likely to take and the reason for the delay.

Consultation
3. Officers are expected to consult councillors at the earliest opportunity on matters affecting their wards and which are required to go to Cabinet or another body for decision, or on which the officer intends to take a decision under delegated powers.

4. Before consulting with ward councillors, the officer should discuss the matter with the appropriate cabinet member and explain the issues to him/her, making it clear that ward councillors will be consulted.

5. The purpose of consulting ward councillors is to:

   - Make them aware of issues affecting their wards so that, wherever possible, councillors receive this information from the Council before hearing it from any other source;
   - Obtain information and advice from ward councillors on the matter;
   - Ensure that ward councillors' views are recorded and taken into account in the decision-making process.

6. The officer responsible for the consultation will establish personal contact with the ward councillors, either by telephone or email, or by arranging a meeting, with the Cabinet Member in attendance if they both consider it appropriate. The officer will make a written record of councillors' views.

7. While recognising that ward councillors do not have a veto over decisions, their views will always be considered seriously and included in any report to Cabinet (or other body) so that decision-makers are aware of those views. Councillors' views should be used to help inform the preparation of any report, so consultation should not just take place at the 'last minute', when a report is already prepared and may, for example, be entering the time-restricted Cabinet process.

8. The consultation section of the ensuing report should state which councillors have been consulted and any views they expressed, based on the written record referred to above.

9. Officers should be alert to the fact that an issue may affect more than one ward and all relevant councillors should be consulted. The Constitution definition of 'key decision', for example, includes where a matter affects two or more wards.

10. Existing systems in place for notifying ward councillors of planning and licensing applications, and reporting their views, will continue.

Councillors' Responsibilities

11. Councillors should avoid making unreasonable requests or putting pressure on officers to do things that they are not empowered to do.

12. Councillors should be mindful of the increasing pressure placed on officers due to reduced capacity and resources.

13. Councillors need to also bear in mind that there are some kinds of information which they are not entitled to have – for example, personal information about individuals, including their constituents, where the individual has not consented to its release.

Officer Responsibilities

14. Service Directors are responsible to their Strategic Director for ensuring that the requirements of this Protocol are met in relation to the functions for which they are responsible.

15. If more than one officer is involved, for example in a client/client-agent/consultant relationship, they should be clear among themselves who is taking the responsibility.

Gateshead Council
www.gateshead.gov.uk

PROTOCOL ON COUNCILLOR/OFFICER RELATIONS

This protocol forms part of the local framework for standards of behaviour approved by the Council's Audit & Standards Committee. Monitoring of compliance with this protocol is the responsibility of the Audit & Standards Committee and the Monitoring Officer.

1. **Introduction: The Underlying Principles**

    1.1. The relationship between councillors and officers is fundamental to the successful working of the Council. This relationship within this Council is characterised by mutual respect, honesty and trust. Councillors and officers must feel free to speak to one another openly and frankly. Nothing in this protocol is intended to change this relationship: its purpose is to help councillors and officers to perform effectively by giving guidance on their respective roles and expectations, and on their relationship with each other. The protocol also gives guidance on what to do on the rare occasions things go wrong.

    1.2. The protocol must be read and operated in the context of any relevant legislation and national and local codes of conduct and any procedure for confidential reporting.

2. **Roles of councillors and officers**

    2.1. Both councillors and officers are servants of the public and are indispensable to one another in the delivery of their public duties. Their responsibilities, however, are distinct. Councillors are responsible to the electorate, and serve only so long as their term of office lasts. Officers are responsible to the Council: their job is to give advice to the Council, and to councillors in carrying out their Council duties, and to carry out the Council's work under the direction and control of the Council, the Cabinet, and relevant Committees, and Sub-Committees.

    Mutual respect between councillors and officers, and a clear understanding of their respective roles and responsibilities, are essential to good local governance.

    2.2. **Councillors**

    2.2.1. Councillors have five main areas of responsibility:

        (i) giving political leadership;
        (ii) determining the policy of the Council;
        (iii) monitoring, reviewing and scrutinising the performance of the Council in implementing policy and delivering services;
        (iv) representing the Council externally; and
        (v) acting as advocates and Community Leaders on behalf of their wards and constituents.

2.2.2. Subject always to the expectations contained in paragraph 3, it is not the role of councillors to involve themselves in the day to day management of Council services.

2.3. **Members of the Cabinet, Chairs and Vice Chairs**

2.3.1. Members of the Cabinet and chairs and vice chairs of committees, boards, panels, etc. have responsibilities additional to those set out above, and their relationships with officers may therefore differ from, and be more complex than, those of councillors without such responsibilities; this is recognised in the expectations they are reasonably entitled to have of enhanced levels of support from officers. However, such councillors must still respect the impartiality of officers: they must not ask officers to undertake work of a party political nature, or to do anything that would put them in difficulty in the event of a change in the political composition of the Council.

2.4. **Opposition councillors**

2.4.1. As individual councillors, all councillors have the same rights and obligations in their relationships with officers and should be treated equally. This principle is particularly important in the context of overview and scrutiny. However, where a political group forms an administration, it is recognised that the relationship between officers (particularly those in senior management roles) and the administration will differ from that with opposition groups.

2.5. **Officers**

2.5.1. The role of officers is to give advice and information to councillors and to implement the policies determined by the Council.

2.5.2. In giving advice to councillors, and in preparing and presenting reports, it is the responsibility of the officer to express his/her own professional views and recommendations. Whilst an officer may report the views of individual councillors on an issue (e.g. in response to a consultation process), if the councillor wishes to express a contrary view, he/she should not seek to pressure the officer to make a recommendation contrary to the officer's professional view.

2.5.3. Certain officers (e.g. Head of Paid Service, Monitoring Officer and Chief Finance Officer [Section 151 officer] have responsibilities in law over and above their obligations to the Council and to individual councillors, and councillors must respect these obligations, must not obstruct officers in the discharge of these responsibilities, and must not victimise officers for discharging these responsibilities.

3. **Expectations**

3.1. Councillors can expect the following from officers:

(i)   Respect, dignity and courtesy

(ii) A commitment to the Council as a whole, and not to any political group

(iii) A constructive working partnership

(iv) An understanding of, and support for, respective roles, workloads and pressures

(v) Timely response to enquiries and complaints

(vi) Professional advice, not influenced by political views or political preference, which does not compromise the political neutrality of officers

(vii) Regular, up to date information on matters that can reasonably be considered appropriate and relevant to their needs, having regard to any individual responsibilities that they have and positions that they hold within, or appointed by, the Council

(viii) Equality of treatment so that the same councillors do not receive disproportionate support due to the manner in which they raise issues

(ix) Awareness of and sensitivity to the political environment

(x) Training and development, in order to carry out their role effectively

(xi) Integrity, mutual support and appropriate confidentiality

(xii) That officers will not raise personal issues with them outside the agreed procedures

(xiii) That officers will not use their relationship with councillors to advance their personal interests or to influence decisions improperly

(xiv) That officers will at all times comply with any relevant Code of Conduct

(xv) Support for the role of councillors as the local representatives of the Council within any scheme of support for councillors that may be approved by the authority.

3.2. Officers can expect the following from councillors:

(i) Respect, dignity and courtesy

(ii) A constructive working partnership

(iii) An understanding of, and support for, respective roles, workloads and pressures

(iv) Political leadership and strategic direction

(v) Integrity, mutual support and appropriate confidentiality

(vi) Not to be subject to bullying or to be put under undue pressure; councillors should bear in mind the level of seniority of officers in determining what are reasonable requests, having regard to the power relationship between councillors and officers and the potential vulnerability of officers, particularly at more junior levels

(vii) That councillors will not use their position or relationship with officers to advance their personal interests or those of others or to influence decisions improperly

(viii) That councillors will at all times comply with the relevant Code of Conduct.

3.3. **Limitations upon Behaviour**

3.3.1. The distinct roles of councillors and officers necessarily impose limitations upon behaviour. By way of illustration, and not as an exclusive list:

(i) Close personal relationships between councillors and officers can confuse these separate roles and get in the way of the proper discharge of the Council's functions, not least in creating the

perception in others that a particular councillor or officer may secure advantageous treatment.

(ii) The need to maintain the separate roles means that there are limits to the matters on which they may seek the advice of officers, especially personal matters and party political issues.

(iii) Relationships with particular individuals or party groups should not be such as to create public suspicion that an officer favours that councillor or group above others. The issue of officer attendance and advice to political groups is specifically covered below.

4. Members' Code of Conduct

4.1 In accordance with legislative requirements the Council has a members' Code of Conduct. The Code is intended to be consistent with the Nolan seven principles of public life, and should be read in the light of those principles: namely, that councillors will act with selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

4.2 The Code specifies what general conduct is expected of councillors, including: treating others with respect, not bullying, or conducting themselves in a manner which could reasonably be regarded as bringing the Council, or the office of councillors, into disrepute. The Code also makes provision for registering and declaring councillor interests. Detailed arrangements are also in place for dealing with complaints against councillors. The Code and arrangements can be found on the Council's website.

5. Decision-Making by Managers

5.1 The Constitution delegates to Strategic Directors and other managers, the power to make decisions over a wide range of matters. In some cases, the Constitution provides that the delegation may only be exercised after the manager concerned has consulted the Leader or nominated Cabinet member. Managers must consider carefully any comments made to them by the councillor(s) concerned, but must bear in mind that it is the manager, not the councillor, who takes the decision in these circumstances and is responsible for it. They must also bear in mind that no officer can be compelled to take a decision with which he/she considers to be wrong or inequitable.

5.2. A manager is not obliged to take a decision on a matter delegated to him/her: he/she may refer the matter to the appropriate Council body for a decision. Indeed, managers should do this if they feel that the issue is a particularly contentious tone raises some new issues which were not contemplated when the delegation was first agreed.

6. The Council as Employer

6.1 The Council is collectively the employer of all Council employees. It is responsible for settling the terms and conditions on which people are employed, and the human resources framework by which they are managed.

6.2 It is important that councillors are clear about the Council's, and their own, role in relation to the management of employees. Councillors must ensure that, by their

individual actions, they do not act outside the framework established to deal with employee matters or contrary to Council policies and procedures in relation to employees.

6.3 Under the Constitution, the Council has delegated to managers the responsibility for appointments, dismissals and disciplinary action, and for dealing with employee matters in accordance with the Council's human resources framework and the relevant national conditions of service. Councillors are responsible for:

(i) Certain senior appointments (through the Special Appointments Committee and/or the full Council)
(ii) Settling terms and conditions and the human resources framework (through Cabinet and full Council)
(iii) Determining appeals from employees of the Council in relation to conditions of service, discipline and so on (through the Personnel Appeals Committee).

6.4 It is essential to the proper running of the Council that councillors and officers do not step outside this framework. Officers must not raise with councillors personal matters to do with their job, nor make claims or allegations about other employees. For their part, councillors must not attempt to deal with any such matters raised by officers, but should remind the officer that such matters should be dealt with through the appropriate consultation, grievance or confidential reporting procedure. Councillors should not, for example, seek to 'represent' any officer during any management process such as disciplinary or grievance proceedings.

6.5 If a councillor has concerns about the management of a particular service, they should raise those concerns with the appropriate Service Director or Strategic Director, or ultimately with the Chief Executive.

6.6 Employee relations matters and disputes need to be handled particularly carefully. Councillors need to remember that it is the Council that is the employer and that every councillor is part of the Council. Where disputes arise, they will be handled corporately. It would be extremely damaging to the Council's position, and to relationships with employees, if individual councillors were to act independently of the Council. In particular, individual councillors or groups of councillors should not hold separate formal discussions with employees and purport to represent the Council.

6.7 In all matters relating to employees, councillors should bear in mind that because they are, collectively, the employer, the actions of an individual councillor may incur liability for the Council.

7 Councillors' Access to Information and Advice

7.1 Documents

7.1.1 Councillors' legal rights to inspect Council documents are covered partly by statute and partly by common law. Councillors generally have a statutory right to inspect agendas, minutes and background papers of the Council, the Cabinet, Overview and Scrutiny Committees, the Council's regulatory committees (e.g. Planning & Development, Licensing and

Regulatory Committees) and the Audit and Standards Committee. However, this does not apply to certain items that are regarded as exempt business: for example, because they relate to individual employees, to contract or industrial relations negotiations, to applicants for Council services and so on. These rights are set out more fully in the Access to Information Rules, which are detailed in the Constitution. Councillors also have the same rights under the Freedom of Information Act 2000 as the general public to access recorded information held by the Council.

7.1.2 The common law right is broader. It is based on the principle that any councillor has, on the face of it, a right to inspect Council documents if access to those documents is reasonably necessary to enable the member properly to perform his/her duties as a member of the Council. This is often referred to as the `need to know' principle.

7.1.3 It is for the councillor concerned to demonstrate that he/she has a `need to know'. Mere curiosity is not enough.

7.1.4 The Strategic Director, Corporate Services and Governance will give advice on councillors' rights of access to documents and any questions on this subject should be directed to him/her.

7.1.5 Any Council information provided to a councillor must only be used by the councillor for the purpose for which it was provided, namely in connection with the councillor's duties as a councillor, unless the information is already in the public domain.

7.1.6 The Code of Conduct provides that a councillor must not disclose information given to him/her in confidence by anyone without the consent of a person authorised to give it, or unless he/she is required to do so. Equally, a councillor must not prevent another person from gaining access to information to which that person is entitled by law.

7.1.7 If a councillor is not receiving, or is having difficulty in obtaining, information that is needed, or to which he/she considers he/she is entitled, the councillor should contact the relevant Strategic Director or, ultimately, the Monitoring Officer, for advice.

7.2 **Advice**

7.2.1 Councillors may ask appropriate officers (normally at Service Director level or above) for advice on:

(i) Matters likely to come before the Council, the Cabinet or another decision-making body or an Overview and Scrutiny committee (for example, an item in the Schedule of Decisions or a planning application);

(ii) Matters with which they have to deal as ward councillors; or

(iii) Matters which they may have to deal with as a representative of the Council on an outside body.

7.2.2 Where advice is sought through a Strategic or Service Director, in the interests of efficiency, the Director will arrange for the advice to be provided by an officer best placed to deal with it, at whatever level.

7.2.3 In general, Services will adopt a 'right person, right setting' approach so that the most appropriate officer, of whatever level, will advise and assist in whatever setting, including attendance at portfolio meetings and other councillor non-decision making meetings.

7.2.4 Officers will provide such advice to the best of their ability, together with any relevant information to which the councillor is entitled to have access, in accordance with the principles set out in section.7 above.

7.2.5 Where an officer has provided advice on a matter in the Schedule of Decisions, he/she should inform the relevant Cabinet member and the Leader. Where the advice relates to a matter going before another decision-making body, such as a licensing or planning application, the Chair of that body should be informed.

7.2.6 If it appears that any request for advice or information is excessive or unreasonable, the matter should be taken up with the appropriate Strategic Director, ultimately, the Strategic Director, Corporate Services & Governance.

8 The Mayor and officers

8.1 The role of Mayor of Gateshead is not merely a traditional one, important though that is. The position is well understood and respected by the people of Gateshead, and because the Mayor is a focal point for the diverse communities of Gateshead, it is a position that contributes greatly to the Council's goal of social inclusion, and citizen engagement.

8.2 Officers should treat the Mayor with the respect due to his/her office. They should address him/her by his/her title. Officers must do everything possible to ensure that the dignity of the office is upheld.

8.3 The role of Mayor is an onerous one, and the Mayor is entitled to look for support and advice from all levels of the organisation.

9 The Leader and Cabinet and officers

9.1 The Cabinet collectively takes decisions in the name of the Council, provided those decisions are within the Council's budget and policy framework. In addition, Cabinet members individually have portfolios through which they lead change, publicly present issues, lead consultation exercises and generally represent the Council.

9.2 It is clearly important that there should be a close working relationship between Cabinet members and Strategic Directors, Service Directors and other senior managers of the authority. A similarly close working relationship should prevail

between a portfolio holder and the senior managers working in that portfolio area. However, such relationships should never be allowed to become so close, or appear to be so close, as to bring into question the Director managers' ability to deal impartially with other members or with other elements of the Council democratic framework.

9.3 When dealing with portfolio issues, both Cabinet members and the officers who advise them should be aware of the wider policy implications for the Council and the need to involve other members and officers where appropriate.

9.4 All reports to the Cabinet are submitted in the name of the Chief Executive and/or one or more Strategic Directors. Those persons are responsible for the contents of reports submitted in their name.

9.5 Dialogue between officers and Cabinet members, and briefing of the Cabinet collectively and of individual members, are to be encouraged. It is also quite proper, and desirable, for officers to discuss with members alternative ways of achieving the Council's agreed policy objectives. However, authors of reports must take responsibility for their reports and must not include any advice which they do not believe to be proper or in the Council's interests, or any information which they do not believe to be correct, unlawful or illegal. For their part members must not put officers under pressure to give such advice or information. Any difficulties in this regard should be raised by the officer with his/her Service Director or Strategic Director or ultimately with the Monitoring Officer.

10 Chairs and Members of Overview and Scrutiny and officers

10.1 The Council does not formally separate officer support between the Cabinet and the Overview and Scrutiny function. Indeed, the Scrutiny function in Gateshead is seen as an integral part of the Council's framework, working within that framework to enhance policy making. However, officers who have to advise the Cabinet and then account to Overview and Scrutiny Committees for that advice could find themselves in a difficult position unless there are conventions in place to deal with that situation.

10.2 As part of the Overview and Scrutiny Rules that appear elsewhere in this constitution, the Council has adopted a number of conventions including:

10.3 To avoid putting junior employees under undue pressure, only officers of Service Director level or above will normally be invited to attend Overview and Scrutiny Committee meetings, although more junior officers could be invited following consultation if appropriate;

10.4 An officer is entitled to be accompanied by another officer. Indeed, it will often be the most effective way of responding to the Committee's enquiries if the manager responsible for the service is accompanied by a specialist officer with detailed knowledge of the topic;

10.5 The Chief Executive is entitled to make representations if he/she feels that an inappropriate officer has been asked to attend;

10.6 An officer may undertake to give a written answer, or ask for time to seek further information, if he/she feels it is appropriate.

10.7 When attending Overview and Scrutiny Committees, officers should confine their information and evidence, as far as possible to questions of fact and explanation relating to policies and decisions. They should also, if required, explain and justify advice they have given to the Cabinet, and the decisions they have themselves taken under delegated powers. As far as possible, officers should avoid being drawn into discussions of the merits of alternative policies where this is politically contentious, and their comments should always be consistent with their obligation to be politically impartial.

10.8 Members of Overview and Scrutiny Committees should bear in mind that officers' evidence should be restricted to questions of fact and explanation, and should not press officers to go outside that remit.

10.9 Cabinet members should bear in mind that officers who are called before an Overview and Scrutiny Committee are obliged to provide frank and honest explanations of the advice they have given, even where that advice was not taken.

11 **Chairs and Members of Other Committees and officers**

11.1 The Council has a range of committees that deal with 'non-executive' matters. The main ones are:

(i) the Planning and Development Committee
(ii) the Licensing and Regulatory Committees
(iii) the Rights of Way Committee
(iv) the Appeals Committee
(v) the Personnel Appeals Committee
(vi) the Audit and Standards Committee
(vii) the Accounts Committee

11.2 Some officers, as part of their normal duties, will be in regular contact with the chair and members of these committees. Much of what is said in section 7 about the relationship between officers and the Cabinet will also apply, allowing for the different circumstances, to the relationship between officers and chairs/members of non-executive committees.

11.2.1 To summarise, the main principles are:

(i) officers will need to maintain a close relationship with the chairs/councillors concerned, but
(ii) that relationship must not be such as to call in to question officers' impartiality;
(iii) there should be dialogue between senior managers and the relevant chair
(iv) it is the authors' responsibility to ensure that reports include only proper advice and correct information; and
(v) councillors must not put officers under pressure to give advice or information in any other way.

12 **Officers and Political Groups**

12.1 Officers are politically neutral and must be seen to be so. They serve the whole Council and not a political group. Senior officers cannot be a councillor for the employing Council, nor can they speak or publish written work for the public at large or to a section of the public with the apparent intention of affecting public support for a political party.

12.2 However, it is recognised that from time to time there will be occasions particularly on major policy matters, when it is in both the Council's and the group's interests that a political group should receive the professional advice of officers on a specific matter.

A protocol has been agreed to cover these situations. This is attached as Annex 3A.

13 **Councillors in their Ward Role and officers**

13.1 All councillors have a vitally important role to play as representatives of their wards and communities. Officers have a duty to support them in this role.

13.2 Officers should respond positively to requests for councillors, in their ward role, for advice (see paragraph 6.8) or for assistance in dealing with a ward matter.

13.3 Clearly, officers must not go outside the Council policy in attempting to resolve a ward issue, and there must be no suggestion that any person has received preferential treatment simply because he/she has taken the matter up through a member. For their part, councillors must not expect officers to go outside Council policy or distort the Council's agreed priorities, for example by insisting that works are undertaken when they wouldn't normally be done because of service reductions. However, if it is clear that the application of a Council policy would cause unreasonable hardship, or would have some consequence that may not have been foreseen when the policy was drawn up, it is proper and reasonable for the matter to be drawn to the attention of the relevant Strategic Director, who will then consider how the matter should be pursued.

13.4 Protocols have been drawn up to cover a number of specific situations relating to members in their ward role. These are:

(i)   public meetings (annex 3B)
(ii)   candidates at local elections (annex 3C)
(iii)   parliamentary candidates (annex 3D).

14 **Other Individuals who are Members of Council Bodies**

14.1 A modern system of local government requires the development of effective relationships between the Council and local people and organisations. Often this leads to the direct participation of local people and organisations in Council bodies.

14.2   This participation can take many forms. At the most formal level, church and parent governor representatives must be appointed by law to the relevant Overview & Scrutiny committee, with full voting rights on education matters. Other arrangements may be less formal, for example the co-option of individuals outside the Council (without voting rights) onto advisory groups or Overview and Scrutiny committees, or the involvement of a range of organisations on different partnership boards.

14.3   It goes without saying that, whatever the formal position, people from outside the Council who serve on Council bodies must be treated with respect and encouraged to feel that they have an equal contribution to make with their Council and non-Council colleagues. They should never be left feeling that they are 'second class' members of the body to which they belong. Impressions can be very important here; for example, officers should take care to include non-Council members in the informal conversations that often take place at the beginning or end of meetings.

14.4   Normally non-Council members will be entitled to receive the same information relating to the work of the body they serve as their Council colleagues and to be included in the same events (visits to facilities and so on). However, non-Council members will not have a right to be supplied with information that is not related to the Council business with which they are concerned - unless of course that information would be available to other members of the public.

14.5   Officers whose role it is to advise bodies on which non-Council members serve must ensure that they are absolutely clear about the legal status of those members - whether they have voting rights on some or all of that body's business, which items they can speak on and so on. Officers who undertake this role must be ready to give the necessary advice, but should avoid creating a difficulty where none exists.

15 Press Releases

15.1   Official press releases on behalf of the Council will be prepared and circulated by the Council's Communications service.

15.2   It is councillors collectively who are ultimately accountable for the services provided by the Council and the Council's developments and achievements. Official press releases will therefore give proper weight to the role of the relevant members in each case. In particular, Cabinet members have a role under the constitution to publicly present issues and policies as they develop and this should be borne in mind in all contacts with the media. Where practicable, ward councillors should be informed on matters affecting their wards in particular, prior to release.

15.3   Any official publicity must conform to the requirements of the Code of Recommended Practice on Local Authority Publicity issued by the Secretary of State under the Local Government Act 1986.

15.4   There is of course nothing to prevent any councillors from communicating with the media or on individual basis, but councillors should bear in mind that they

are not doing so on behalf of the Council and they should not use Council facilities for this purpose.

15.5 In making public statements on their own account, councillors should seek to ensure that, as far reasonably possible, they have verified the information and that such statements are justified and proportionate and do not adversely affect the interests of the Council and its residents.

16 Correspondence

16.1 Except in very exceptional circumstances, all letters on official Council business should be sent out over the name of the appropriate officer. (An exception might be, for example, the Leader of the Council raising an issue on behalf of the Council with a Government Minister).

16.2 This does not, of course, prevent a councillor responding in his/her own name to a letter addressed to him/her in his/her official capacity (e.g. Cabinet member, chair of a decision-making body) or as a ward councillor, such as a letter of complaint. In these situations, councillors are free to seek advice from appropriate officers and would often be well advised to do so, for example if approached about a planning application.

16.3 Letters that create obligations or give instructions on behalf of the Council should never be sent out over the name of a councillor.

17 Use of the Council's Resources

17.1 It is an established principle that a modern council will rely on the ability of all of its members, whether in the executive or backbench role, to adapt to different ways of working. All councils should give those serving as councillors or as co-opted members the officer support, facilities and training necessary for them to fulfil their role, be it executive or otherwise, as effectively as possible.

17.2 The Council endorses these principles and accordingly seeks to provide councillors with a range of support services, including:

(i) stationery, typing and photocopying
(ii) The use of certain employees, such as the Councillors' Secretary and support staff in the Cabinet Office
(iii) An increasingly wide range of ICT services, including some services that can be used by councillors in their own homes, such as iPads, internet access and printers.

It is important that all these support services are used properly, to support the work that councillors carry out as councillors. They should not be used in accordance with policies in force, such as the Acceptable Use Policy and Councillors' ICT Security Policy.

17.3 In using the Council's ICT resources, councillors must comply with the councillors' ICT Security Policy. Failure to comply could have serious consequences for the Council, for example in exposing it to legal liability.

17.4 Councillors should take care not to put members of staff - particularly those who provide support to them - under pressure to carry out tasks that they are not authorised to do.

17.5 The Code of Conduct requires councillors, when using the Council's resources or authorising their use by others, to act in accordance with the Council's reasonable requirements.

18 If things go wrong

18.1 **Procedure for officers**
From time to time, the relationship between councillors and officers may break down or become strained. Whilst it will always be preferable to resolve matters informally through resolution involving senior management or councillors, it is open to officers to make a formal complaint under the members' Code of Conduct.

18.2 **Procedure for councillors**
In the event that a councillor is dissatisfied with the conduct, behaviour or performance of an officer, the matter should be raised with the appropriate Strategic Director. Where the employee is the Chief Executive the matter should be raised with the Monitoring Officer. Attempts will be made to resolve the matter informally but if this is ineffective it may be necessary to invoke the Council's disciplinary procedures.

Protocol – Officer Attendance at Political Group Meetings and Other Political Meetings

1. **Introduction**

   1.1 This protocol gives guidance on responding to requests to attend political group and other political meetings, and on how officers should conduct themselves at such meetings.

2. **Political Group Meetings**

   2.1 This part of the Protocol refers to meetings of any of the political groups represented on the Council.

   2.2 The attendance of officers at political group meetings must be handled properly. Officers are, of course, politically neutral and must be seen to be so. They serve the whole Council and not a political group.

   2.3 From time to time there will be occasions, particularly on major policy matters, when it is in both the Council's and the group's interest that a political group should receive the professional advice of officers on a specific matter.

   2.4 When these situations arise, it is essential to have mechanisms in place to avoid any possible conflict of interest or misunderstanding. The following Rules will therefore apply:

   (i) officer attendance at political group meetings must be agreed with the Chief Executive, who will decide who should attend and the subject matter of the item; and
   (ii) an officer who attends a political group meeting must be accompanied by another officer.

   2.5 At the meeting, officers should confine themselves to questions of fact and explanation relating to policies and recommendations.

   2.6 Officers must maintain the confidentiality of proceedings of political groups. However, it is proper for an officer to debrief his/her senior officer on matters which they need to know (for example a Service Director may debrief his/her Strategic Director). It is also proper for an officer to debrief:
   (i) the Chief Executive
   (ii) the monitoring officer and/or the section 151 officer in relation to matters of that they need to be aware in order to carry out their statutory roles.

   2.7 In this, as in other situations, councillors and officers will treat each other with courtesy and respect.

3.   Other Political Meetings

3.1   Requests are also sometimes received for officers to attend other meetings of a political nature, for example a branch meeting of a political party.

3.2   All such requests must be referred to the Chief Executive, who will decide whether or not it should be accepted. In considering whether to accept a request, the prime consideration will be whether it is in the Council's interests, in terms of imparting information and explaining the Council's position on significant policy issues that officers should attend. There is no obligation to accept any request.

3.3   Where it is agreed to accept a request, the meeting must always be attended by two officers.

3.4   When attending political meetings:

(i)   officers should confine themselves to questions of fact and explanation relating to policies and recommendations (paragraph 6 applies)
(ii)   officers should maintain confidentiality, but may brief more senior officers on matters that they need to know (paragraph 7 applies).

4.   Ward Surgeries

4.1   Officers will not normally attend ward surgeries. However, all officers will be expected to deal promptly and efficiently with any queries, service requests or other issues that may be referred to them by councillors arising from their ward surgeries.

Protocol – Public Meetings

1. Public meetings are a valuable means of consulting on issues of local concern. They provide the Council with a means of explaining its position and allowing local people to understand the issues involved.

2. The Council arranges many public meetings on its own initiative. In addition, requests for such meetings may also come from councillors and occasionally from other individuals and interested groups. Normally these requests do not cause a difficulty but occasionally the issues involved can raise local sensitivities particularly in wards where there is mixed political representation. At times, adverse comments have been made about the Council's role in providing facilities and officers to attend at such meetings.

3. To ensure a consistent approach and avoid any possibility of misunderstanding the role of officers in such situations, the following administrative arrangements will apply:

   (i) Requests for public meetings should be directed to the appropriate officer who will;

   - consider the request in consultation with the relevant portfolio holder alongside the Council's current policy on the matter
   - ensure that there is no conflict of interest with Council policy
   - ensure all Ward councillors are invited to attend the meeting.

   (ii) Subject to the request being made by a councillor and the above conditions having been met, the appropriate officer will be responsible for booking and paying for the accommodation and for arrangements for the attendance of the relevant officers.

   No meetings should be held between publication of the Notice of Election and Election Day.

4. If an individual councillor wishes to arrange a public meeting on his/her initiative and outside these arrangements, there is nothing to stop him/her doing so, but in that case, the Council will not pay for the accommodation and officers will normally attend only if the other Ward councillors have been invited also.

Protocol – Candidates at Local Elections

1. This note gives advice to officers on dealing with requests for advice or assistance from people who are standing as candidates at local elections, whether by-elections or the annual municipal elections.

2. If a candidate asks for advice or assistance on a matter relating to a constituent or affecting the area of the ward, the request should be treated as if it was coming from an individual on behalf of a constituent. It should be dealt with like any other such request; that is with courtesy and an attempt to help.

3. Where the candidate says that the matter has been raised by a constituent or constituents, he/she should be informed that officers will look into the matter and if he/she will provide the name of the constituent(s) who have raised it, officers will write to them directly. If the issue is one of more than individual concern, such as a complaint about the tidiness of an area, the response should also say that officers will inform the ward councillors and discuss it with them. But this is not required where the issue relates to one individual or household, for example a repair request or an inquiry about re-housing.

4. Sometimes a candidate may raise a matter apparently on his/her own initiative and without making any reference to it having been raised by constituents. In this case, officers should deal with it in the normal way and respond to the candidate as to anyone else who has requested assistance or information. It will not be necessary to inform the ward councillors unless the matter is judged to be particularly significant.

5. No preference should be given to any one candidate's request and no personal or confidential information should be given to candidates.

6. The situation is somewhat different when one of the ward councillors is himself/herself a candidate at the election. In this case, he/she remains the ward councillor right up until the day of retirement (the fourth day after the election) and should continue to be treated as such. This means, in particular, that if the ward councillor raises an issue on behalf of constituents, officers will correspond with him/her directly and without involving other ward councillors.

   a. Note: a separate protocol applies in relation to candidates at parliamentary elections.

   b. There are sometimes circumstances where no election has yet been called but individuals hold themselves out as being candidates. In this situation, the same Rules apply.

Protocol – Parliamentary Candidates

1. The first thing to note is that, once Parliament has been dissolved, there are no longer any Members of Parliament, only parliamentary candidates.

2. All parliamentary candidates should be treated the same and given the same facilities and opportunities. No preference should be given to any particular candidate. If a candidate asks to visit a particular facility, officers should take account of the views of residents and users in deciding whether a visit can be allowed. It is quite reasonable for conditions – such as no photographs – to be attached to visits where appropriate. The key principle is that all candidates are treated equally; whatever is allowed to one candidate must be allowed to others, with the same conditions applying.

3. All candidates or their agents may hire or book rooms for the purposes of holding meetings and so on. Again, no preference should be given to any one candidate.

4. There will be no MPs surgeries during the election campaign.

5. Requests from parliamentary candidates for advice or assistance for a constituent should be processed in the normal way. Again, no preference should be given to any one candidate's request, and no personal or confidential information should be given to candidates. It is no longer a matter of dealing with MPs and therefore the request should be treated as if it were coming from an individual on behalf of a constituent. It should be dealt with as the Council would deal with any such request, that is with courtesy and an attempt to help. Officers should indicate that they are going to look into the matter and if the candidate will provide the name of the constituent(s) who have raised it, officers will write to them directly. Where the matter has been raised by the candidate apparently on his/her own initiative without reference to constituents, officers should respond directly to the candidate.

6. The situation is somewhat different when a serving councillor for the Borough stands as a parliamentary candidate for a constituency that covers his/her ward. In that case, the councillor should continue to be treated as the ward councillor in relation to any matter relating to his/her ward; if he/she raises an issue on behalf of constituents in the ward, officers will correspond with him/her directly. However, if the issue does not relate to the councillor's ward, it should be treated as if it had been raised by any other candidate and dealt with as set out in paragraph 5.

7. The statutory Rules apply in relation to party political publicity. This means that election posters clearly seeking support for a political party are not permitted on Council property. In cases of doubt please contact the Strategic Director, Corporate Services and Governance.

8. Enquiries about matters relating to the election should be directed to the Service Director, Litigation, Elections and Registrars or the Election Office. The Election Office will supply a list of candidates and election agents as soon as it is available.

> ***Note: a separate protocol applies in relation to candidates at local elections.***

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Protocol for Handling the Media

1. Communicating with the media

- The Council's Communications team is the primary point of contact for all media enquiries. If members of staff or councillors are approached directly by the media, they should not respond to the enquiry but refer the enquirer to the Communications team.

- Where comments are needed from the Council, the Communications team will collect the information and put together a proposed response. This information will usually be collected from Service Director or those directly responsible for the service in question.

- Comments and press releases will be cleared by Strategic Directors wherever possible before release. Failing this, the Communications team will refer to the most senior officer available for that service.

2. The Role of Councillors

- For most media enquiries, the appropriate Cabinet member should be briefed. This should be done by the Service Director, Strategic Director or Communications Office, as appropriate.

- Where the nature of the query requires a political response, the appropriate Cabinet Member should be given a briefing on the background before being put up for interview. If time allows this will be in writing.

3. Media Interviews

- Employees below Service Director would not normally be expected to give interviews, unless the nature of the enquiry required it.

- Communications run a limited number of media training sessions over the year. These are offered to Service Directors and councillors through a rolling programme.

4. Emergency Planning

- As part of the Civil Contingencies Act, Gateshead Council is responsible for ensuring the public are kept informed of what is happening during a major incident. The Communications Service has an emergency communications plan in place to cover this eventuality and sits within the HQ co-ordinators group.

For more information contact the Communications Team on extension 3544.

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PROTOCOL FOR COUNCILLOR LEARNING AND DEVELOPMENT

Gateshead Council is committed to the learning, training and development of all its councillors.

1. **Roles and Responsibilities**

   Political group leaders have pledged their commitment to learning and development for councillors. A cross-party Councillor Support and Development Group was established in 2008, to monitor and advise on the Council's current and future arrangements for councillor development. This group is responsible for:

   - Helping their peers to identify and find opportunities to meet their learning and development needs, usually via the Personal Development Plan (PDP) process.
   - Creating an environment that encourages self-development and continuous learning and the sharing of knowledge and skills amongst the councillors in the political groups.
   - Encouraging councillors to attend seminars and other appropriate training and development events on a regular basis
   - Encouraging councillors to complete a Personal Development Plan and take part in their own political group appraisal schemes
   - Assessing value for money in learning and development and ensuring adherence to equal opportunities principles
   - Monitoring the application of this policy by evaluating the outcomes of what the councillors have achieved via their PDPs, as well as reviewing the framework established to support them in their development.

   All councillors have individual responsibility to:
   - identify their own learning and development needs by completing a Personal Development Plan
   - seek opportunities to improve their effectiveness and increase their potential
   - undertake to attend once during each term of office, those training courses that are essential including:

     - ➢ Ethics, probity and Code of Conduct
     - ➢ Training relating to committee membership, and
     - ➢ Equalities
     - ➢ Children and Adults Safeguarding

   - share their knowledge and skills with their peers.
   - review and evaluate learning and development activities so as to apply increased knowledge, skills and personal qualities developed through the activities.

2. **Resources**

   The Council provides a budget for councillor development. This budget will cover priority needs linked to corporate, constitutional and individual learning and development requirements as identified in Personal Development Plans. The full cost

of all learning and development will be identified and monitored by the Councillor Support and Development Group through regular reviews.

Councillors' entitlements to travel and subsistence and dependent carers allowance for attendance at learning and development events, is stated in the Councillors' Scheme of Allowances.

3. **Accessing Learning and Development Opportunities**
The methods to be considered will be both internal and external and will cater for the variety of roles councillors are expected to undertake and will take into account the Council's priorities as well as the Councillors' Personal Development Plans.

Every effort will be made to ensure that internal resources or resources from partner groups are considered initially. They will include:

- Internal: induction, access to Intranet, Internet (per Internet Policy) and e-learning, seminars, training courses, workshops, mentoring, briefings (including repeat sessions for councillors unable to attend initial session).
- External: induction, peer support/councillor mentoring, focused visits, workshops, regional and national training courses, seminars and conferences.

4. **Evaluation**
So that the return on investment in learning and development is secured, it is the responsibility of the Councillor Support and Development Group, with support from officers, to ensure that evaluation takes place at the following levels:

- Immediate review (eg. that the learning and development activity was satisfactory and gave value for money) via feedback questionnaires.
- Acquisition of skill, knowledge and personal qualities (eg that the required levels of knowledge, skill or personal qualities have been acquired) via PDP reviews.
- Performance improvement (eg. knowledge, skill, new behaviours or personal qualities are being applied in practice and improvements have resulted).
- High level review (eg that increases in skills, knowledge or personal qualities acquired through learning and development have been relevant and made direct contributions to the achievement of Council objectives).

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Protocol for Councillors' Attendance at Meetings

1. A proper programme of training and development will ensure councillors are able to undertake their full range of functions and, in particular, to attend and participate effectively in all meetings of Council bodies of which they are designated members.

2. Councillors should aim to attend 100% of meetings of Council bodies, unless there is a reasonable excuse for not doing so.

3. If councillors are unable to attend a meeting, they should inform the relevant Democratic Services Officer as soon as they are able.

4. A persistent failure to attend meetings, without reasonable excuse, could be viewed as bringing the office of councillor into disrepute and a potential breach of the Councillors' Code of Conduct.

5. Councillors are reminded of the provisions of Section 85 of the Local Government Act 1972, which provides that if a councillor fails to attend a formal meeting of the Authority for six consecutive months, then they cease to be a member of the Authority, unless full Council agrees the reason for the non-attendance, prior to the end of the six month period.

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Protocol for Councillors' Attendance at Conferences and Training Events

This protocol sets out guidance for councillors attending any development opportunity or conference all of which are herein referred to as an event.

Background

During each municipal year all councillors are offered the opportunity to attend a variety of events which contribute to developing their role as a councillor. The event programme is managed by the Councillors' Support Manager and is linked to councillors' annual Personal Development Plans and role within the Council.

Process

1. Every year, the Councillors' Support Manager (CSM) will offer all councillors the opportunity to discuss their personal development plan (PDP). The objectives identified within the plan will inform the Annual Training Programme developed by the CSM.

2. The Councillors' Support Manager will receive details of all events being held regionally and nationally and is also responsible for ensuring appropriate events are held internally which relate to ensuring councillors' development. Each event will be considered on its own merits.

3. When details of an event are received, the CSM will refer to the Annual Training Programme, and to individual councillors' PDP when considering whether it would be appropriate for a councillor to attend. Areas of responsibility will also be considered.

4. The councillor will be asked to confirm whether or not they are able to attend the event.

5. The CSM will complete a 'conference request form' and include a copy of the conference or event flyer; as well as travel, accommodation and subsistence costs, as well as a reason for attendance. Once completed, this form will then be considered by the Strategic Director, Corporate Services and Governance, before being passed to the Leader for final approval.

6. Once the request has been approved, the form will be processed and retained by the CSM, who will arrange the necessary booking arrangements.

7. In consultation with the councillor, the Councillors' Secretary will identify suitable rail journeys which will be booked by Exchequer Services.

8. When making rail travel arrangements, all councillors will be encouraged to agree fixed train journeys, therefore taking advantage of the cheapest possible fares. In addition, any councillors eligible will be encouraged to purchase a railcard. Councillors will be reimbursed for the cost of the railcard.

9. Claims for subsistence for each event will be made separately by the councillor, agreed by the Democratic Services Manager and paid directly to the councillor by the Principal Finance Officer in Exchequer Services.

10. If for any reason, a nominated councillor is unable to attend an event, and a booking has been made, the CSM will endeavour to fill the vacancy and will only cancel a booking should it be unavoidable.

11. Councillors who attend events will be asked to complete an evaluation form to ascertain whether the event has been worthwhile and represented value for money.

12. The CSM will keep a database of councillors' attendance at all events, which will be analysed on a six-monthly basis and the results presented to the Councillor Support and Development Group.

Protocol on Appointments to Outside Bodies
The Councillors' Roles – General Guidance and Potential Pitfalls

1. Introduction

Alongside their involvement in the Council itself, it is usual for councillors to be involved in a wide range of outside bodies, including community organisations, sports and recreation clubs, housing associations and companies.

Sometimes members will be appointed to sit on these organisations by the Council itself, for example to discharge Council duties through formal partnerships, or as formal appointments to national or regional 'representative' roles, such as on the LGA, ANEC or the Combined Authority. In other cases, the member may be appointed independently of any Council involvement. This guidance deals predominantly with those instances in which the Councillor has been nominated or appointed onto the outside body <u>by</u> the Council.

Councils and the outside bodies themselves can gain a number of benefits from councillors being involved in their leadership and governance:

- To provide knowledge, skills and expertise which may not otherwise be available
- To provide local accountability or democratic legitimacy through the appointment of an elected representative
- To ensure that good relationships can be maintained with the body
- To deliver a partnership project that requires the input of other organisations or community groups
- To protect the Council's investment or assets: e.g. if the Council has provided grant funding or provides funding for service delivery
- To lever in external funding which would be not be available to the Council on its own

There are a number of types of outside bodies in which members may become involved as a representative appointed by the Council. Some common examples are:

- National or regional body
- Charitable Trust
- School and Academies Boards of Governors
- Company limited by shares
- Company limited by guarantee
- Unincorporated association
- Industrial and provident society (mainly housing associations)

The structure of each type of organisation, the management, and the rules which govern the organisation, vary. The following table shows how each type is set up and managed:

Page 108

Legal Status of the organisation	Governing Document	Management	Possible councillor involvement	Common types of organisation
A public authority	Constitution usually based on legislation	Authority	Member	Combined Authority Fire & Rescue Authority
Charitable Trust	Trust Deed	Trustee meetings	Trustee	Playing field trusts
Company limited by guarantee	Memorandum and Articles	a) Board of Directors b) Meetings of members	Director (may also be known as a trustee, governor or Board member)	Charitable organisations, housing companies, community associations, academy trusts
Company limited by shares	Memorandum and Articles	a) Board of Directors b) Meetings of shareholders	Director	Commercial organisations (e.g. joint ventures or companies providing contractual services; trading subsidiaries)
Unincorporated association	Constitution	Management Committee Members meeting	Management Committee member	Community associations

Regardless of how the appointment is made, the law lays down many requirements with which councilors must comply. These may include duties to the Council, as well as duties to the outside body and its members.

An appointment to an outside body does not, therefore, necessarily mean that you will be representing the Council's interests on that outside body. Indeed there are a number of cases, for example if you are a trustee or a company director, where you must always act in the interests of the outside body and not necessarily in the Council's interests.

This can lead to conflicts of interests between your role as a Councillor and your representative role on the outside body.

You will only be considered a representative of your Council on an outside body if you have been formally appointed or nominated by the Council to this role. You should not purport to act as Council representative on an outside body unless a formal appointment has been made.

Set out below are a number of matters that you should take into account if you act on one or more outside body.

2. Appointment and reporting back

Your appointment should be within any policy your Council has adopted for involvement in partnerships and outside bodies (for example the protocol on local authority school governors). This policy may explain some of the reasons why the Council may wish to appoint a representative e.g. in order to provide skills or democratic legitimacy, or to protect the Council's assets, or for other reasons.

You must ensure that your appointment has been made in accordance with the Council's Constitution. This is usually done either by resolution of Council or Cabinet.

It is important that anyone who is appointed to an outside body provides information and reports periodically to the Council on what the organisation is doing. The Council may have adopted an approach on how and when such reports are to be presented. You should ensure that the outside body provides you with sufficient information to enable you to make this report back. BUT - you are not required to disclose anything which is commercially confidential as this may be in breach of:

- the Members' Code of Conduct;
- your duties of confidentiality to the outside body (whether as director, trustee or more generally); or
- may be a breach of confidence in the general sense, such as releasing information covered by data protection legislation.

3. General Advice and Guidance to Councillors Appointed to Outside Bodies

As a minimum you should:

- Ensure that you know the legal status of the organisation – refer to the table above and read the governing document to understand your responsibilities; if still unclear, seek advice from the Strategic Director, Corporate Services & Governance;

- Ensure that if you are appointed a director of a Company the relevant form (form 288)is filed at Companies' House upon your appointment and resignation;

- Make any general declarations of interest at the first meeting (see section 7 below);

- Ask if there is any personal liability insurance or indemnity in place – sometimes referred to as directors' liability insurance (see section 8 below);

- Clarify whether the organisation will pay allowances or expenses (see section 8 below);

- Ensure the board or management committee has regular financial and other reports which detail the current financial situation of the organisation and any liabilities - take an interest in the business plan;

- Discuss with relevant officers any new activities that the outside body undertakes (you may need to provide them with copy papers) and ensure that risks are properly identified in reports (consistent with local authority decision making - ensure that all relevant information is presented);

- Observe duties of confidentiality (in both directions) (see section 7 below);

- Carefully consider any conflicts of interest, declare interests, and if appropriate, leave the room for consideration of the business (see section 6 below);

- Take advice from the Monitoring Officer, the Chief Finance Officer and your lead officer contact within the Council as appropriate - not just if the organisation is likely to become insolvent, but generally. Occasionally, that advice may be to seek external advice on your position, especially if there is a conflict between the organisation and the Council;

- Manage conflict - usually issues can be balanced, but ensure that when in meetings of the body you act in the body's best interests which may not necessarily be those of the Council - if all else fails, resign. Do not just remain a director and fail to attend meetings or you may find that you are in breach of your duty to act in the best interests of that organisation (see section 6 below); and

- Finally, question the need for future Council involvement! Has the organisation come of age, or has it changed direction from when the Council first became involved - what useful purpose would ongoing representation serve?

4. Particular Duties and Responsibilities of Directors and Trustees

If you are appointed a director of a company then you must act in the best interests of the company. The main duties of a director are:

- to act honestly and in good faith and in the best interests of the company as a whole;
- a duty not to make a personal profit and to take proper care of the company's assets;
- to attend board meetings and follow the rules on the declaration of interests;
- to exercise reasonable skill and care (this is a subjective test based upon the individual's own knowledge and experience and involves due diligence in the performance of his/her duties as a director); and
- to comply with statutory obligations imposed by the Companies Acts, other legislation and any procedural rules set out in the governing document.

If you are appointed as a trustee of a charity then the duties of trustees are generally the same as for a director but in addition you must make sure the trust acts in accordance with the aims and objectives of the trust and you should make sure that you have a clear understanding of what these are (there is normally a trust deed which sets these out).

If you are appointed as a School Governor to an Academy School, you are likely to be both a company director and a charity trustee in which case the above advice will be relevant (see also para 1.6 and generally *The Department for Education's Governors' Handbook for Governors in Maintained Schools, Academies & Free Schools (January 2014)* for further details on your responsibilities).

It should be noted that there is no *requirement* for academies to have local authority appointed trustees (formerly governors). All trustees will be covered by an indemnity provided for by the academy's Articles of Association.

5. General Duties of a Representative on an Outside Body

In carrying out your duties as a trustee or director of an outside body you must take decisions without being influenced by the fact that you are a councillor. Your primary duty in making management decisions for the outside body is to make these decisions in the interests of the organisation. Councillors should always ensure that their fellow directors/trustees are aware of the fact that they are councillors.

In these cases, you must act in the interests of that body and exercise independent judgement in making decisions, in accordance with your duty of care to the body. You are not there just to vote in accordance with the Council's wishes. You may have regard to the interests of the Council, but this should not be the overriding consideration. In some cases voting in the Council's interests could be a breach of your director's duty to the company.

In other cases the Council may have expressed a view or formulated a policy and would expect you to convey that view or policy to the outside body. It is acceptable for you to do this as your Council's representative provided that it does not conflict with your particular duties as director or trustee or where it is clearly not contrary to the interests of the organisation.

The overriding responsibility is to seek to avoid a situation where duty and interest conflict and therefore if you are unsure about declaring an interest, it would be wise to declare and leave the meeting during consideration of the business (or whatever is required under the outside body's own code of conduct, if it has one – see section 7, below).

6. Managing Conflicts of Interest

In general terms the purposes of the outside body and what it wants to do often coincide with the Council's interest and so conflicts may be rare. However, there may be difficulty in some circumstances: for example, if the body is not complying with the terms and conditions of a funding agreement with the Council; or the organisation wishes to appeal against a planning decision made by the Council; or where the organisation has wider objects than
the reason behind the Council's appointment and wishes to pursue activities which would conflict with Council policy.

You will need to manage the conflicts that will arise appropriately and in certain circumstances may feel that your only option is to resign from the company or body. Similarly, if the Council does not feel that a representative on an outside body is properly fulfilling their role and responsibilities (e.g. the person is not attending meetings or is votingin ways which may be inappropriate) then the Council could choose to change its representation on the outside body. Clearly there is a greater scope for conflicts to arise where you hold an office in the outside body: e.g. Chair, Vice-Chair, Secretary or Treasurer, than if you are a general member.

7. Declarations of Interest and Duties of Confidentiality - the Members' Code of Conduct

When outside bodies consider issues related to the Council or where you may have a personal interest in relation to the body's activities, these need to be declared in line with the rules of the outside body and the Members Code of Conduct : see *Gateshead Council's Constitution; Part 5;Councillors' Code of Conduct ('the Code').* The specific rules adopted by each body will vary and therefore you should ask for advice and guidance from the secretary of the organisation and/or the Monitoring Officer, as appropriate.

When the Council considers issues relating to or affecting the outside body to which you have been appointed as Council representative you must declare your personal interest in the matter in accordance with the Members' Code of Conduct : see esp. paras 16/17 Part 4 of the Code :'Non-Participation in Council Business'.

These provisions do not apply if you hold a relevant dispensation or the matter relates to the discharge of certain Council functions: see para 19 of the Code.

You will also need to ensure details of your appointment are included on the Register of Interests kept by the Monitoring Officer: see paras 11/12; Part 2 of the Code: 'Registration of Interests'.

Confidential information must be treated with care and if you have any doubt over the status of any information then you should keep that confidential and check with the relevant officer, whether or not it is something which is already in the public domain or which may be disclosed.

The legal position is that someone who has received information in confidence is not allowed to take improper advantage of it. Deliberate leaking of confidential information will also be a breach of the Members Code of Conduct.

Where you act as a representative of the Council on an outside body, you must comply with the code of conduct of that body, if it has one. If it does not, you must comply with the Members' Code of Conduct unless observance of the Code would conflict with any other obligations (i.e. the duty to act in the best interests of a company).

Under the Code, you must not:

- disclose information given to you in confidence by anyone, or information acquired which you believe is of a confidential nature, without the consent of a person authorised to give it, or unless you are required by law to do so (para9);
- prevent another person from gaining access to information to which that person is entitled by law (para 8).

Disclosing confidential information may also contravene other parts of the Code: e.g. it may be regarded as bringing the office of councillor or the Council into disrepute; may compromise the impartiality of people who work for the Council; may improperly confer or secure an advantage or disadvantage for you or any other person (see generally paras. 1- 10, Part 1: 'General Conduct').

8. Allowances, insurances and indemnities

The Council may have authorised attendance at meetings of certain outside bodies as an approved duty for councillors, allowing travelling and/or subsistence allowances in connection with meetings of the body. Alternatively, any expenses may be defrayed by the body itself, in accordance with its own rules. If the body does pay expenses, you may not claim from the Council. For further information on allowances contact the relevant officer in the Council.

In some instances councillors who represent the Council on outside bodies may carry personal liability for decisions they make and actions which they take in their representative capacity. This is most likely to arise if you have been appointed as director of a company, or a trustee of a charity or onto the management board of an organisation. The outside body may have insurance to cover your liability in these cases and you should check with the organisation.

The Local Government Act 2000 allows the Secretary of State to make regulations giving local authorities powers to provide some protection for a Councillor or officer acting as the Council's nominated director where a claim is brought against them because of some negligent act, or failure to act, in the course of carrying out their duties as directors. These regulations are set out in the 2004 Indemnities Order which came into effect in November 2004.

Cabinet granted an indemnity under these arrangements on 18 October 2005 and reference should be made to the terms set out in that report.

However, cover can only be provided by the authority where the officer or Councillor has been specifically appointed by the authority to act as the Council's nominated director; nor can it extend to acts by the councillor or officer regarded as criminal: e.g. wrongful or fraudulent trading. It can be used to meet the costs of defending any criminal proceedings but if convicted; the costs of the defence must be reimbursed to the Council or Insurance Company.

Cover cannot be provided where there is intentional wrongdoing, fraud or recklessness.Nor can it be provided to fund an action for defamation brought by a councillor or officer against a third party (although it can extend to defending an action for defamation brought *against* a councillor or officer by a third party). The cover also extends to councillors or officers doing acts which are outside the powers of the authority (i.e. *ultra vires*) so long as they reasonably believed what they were doing at the time was within the powers of the authority.

If a Councillor is a member of a body in their personal capacity they should be alert to the potential for personal liability and seek assurances regarding the indemnity and insurance position of the body concerned.

Contact Information:

Mike Barker, Monitoring Officer:

Martin Harrison, Deputy Monitoring Officer:

Role Descriptors

Role Description: Councillor Member of the Health and Wellbeing Board

Role	Actions	Skills/Behaviour
1. To fully participate in the activities of the Board.	By: • developing and maintaining a working knowledge of the strategies, policies and practices in relation to the Board and in particular the Joint Strategic Needs Assessment and the Joint Health and Wellbeing Strategy • showing a willingness to learn from the experience and advice of others and to apply this learning to become more effective • exercising your right to speak and vote if eligible to do so	These include: • assertiveness/assurance • listening • understanding legal basis • probity • objectivity • mediation • networking
2. To provide communication within the Council on the functions of the Board	By: • keeping councillors (in particular Cabinet and relevant Cabinet Members) informed of the proceedings of the Board	These include: • listening • communicating • probity • understanding legal basis
3. Acting in a way that furthers the Health and Wellbeing agenda while recognising the interests of the Council as a whole.	By: • attending board/management committee meetings and following rules on declaration of interests • demonstrating integrity and impartiality in decision making • recognising and understanding where conflicts of interests occur and seeking advice on how to handle them • taking responsibility for all main decisions in relation to the operation of the Board	These include: • working constructively to achieve realistic solutions • ability to question and challenge • probity

Role	Actions	Skills/Behaviour
4. Developing engagement between the Board, its partners, the Council as a whole and citizens.	By: • encouraging participation • building relationships with groups and individuals • promoting awareness of the Board and the Health and Wellbeing agenda • helping to develop local partnerships • identifying local service needs • engaging with existing organisations • promoting social cohesions	These include: • networking • good working relationships/Partnering • innovation • leadership

Role Descriptor: Chair or Vice Chair of Health and Wellbeing Board

Role	Actions	Skills/Behaviour
1. Provide clear leadership and direction to the Board	By: • Following an agreed agenda in meetings • Ensuring that discussions are held within a framework for open debate • Adhering to established protocols or standing orders • Ensuring meetings are completed in a timely manner	These include: • Influencing skills • Leadership • Good working relationships • Public speaking • Knowledge and understanding of the subject
2. Actively promote and champion the Health and Wellbeing policy framework and the role and work of the Board	By: • Developing and maintaining a detailed knowledge of the scope of the Board's terms of reference and in particular the services, policies, practices and approaches that contribute to the Joint Strategic Needs Assessment and the Joint Health and Wellbeing Strategy • Attending meetings, conferences, governmental discussions or other venues as representative of the Board • Working closely with all relevant Cabinet members and in particular, the Cabinet Member for Health and Wellbeing, recognising that role as lead member within the Council for the wider Health agenda • Undertake media and other public affairs activity on behalf of the Board	These include: • Leadership • Public speaking • Diplomatic skills • Willingness to engage
3. Ensure that debates are focussed and balanced	By: • Involving discussion from all of those who wish to articulate a view, particularly where conflicting viewpoints are being expressed	These include: • Leadership • Listening skills • Negotiating skills • Managing conflict/mediation

Role	Actions	Skills/Behaviour
4. Enable decisions to be reached	By: • Encouraging participants to agree on a way forward and any further action that needs to be taken	These include: • Leadership • Listening skills • Negotiation skills • Mediation
5. Ensure that resources are used to best effect	By: • Enabling information, views and evidence to be gathered in an efficient and timely manner	These include: • Leadership • Knowledge and understanding of the subject • Good working relationships
6. Contribute to group or team working	By: • Allowing people to build rapport and contribute to group or committee discussions	These include: • Leadership • Listening skills • Good working relationships
7. Communicate with the Council as a whole	By: • Reporting progress of issues, in particular to full Council, Cabinet and relevant cabinet members • Explaining and justifying decisions to Cabinet and full Council	These include: • Leadership • Public speaking • Good working relationships

Role Description: School Governor

Role	Actions	Skills/Behaviour
1. To participate in the activities of the School Governing Body to which the councillor is appointed.	By: • Contributing to strategic discussions to determine the school improvement priorities • Developing and maintaining a working knowledge of the policies and practices in school • Showing a willingness to learn and attend training specific to the Governing Body and committee to which they have been appointed to become more effective • Exercising your right to speak and vote if eligible to do so • Monitoring progress of targets	These include: • Assertiveness/assurance • Listening • Understanding legal basis • Probity • Objectivity • Mediation • Networking • Team working
2. To provide two way communication between the Council and the Governing Body	By: • Keeping the Council informed of the proceedings of the Governing Body • Adhering to the Governing Body's Code of Conduct in relation to confidentially	These include: • Listening • Probity • Understand legal basis • Confidentially
3. Acting in the best interest of the pupils of the school to which the councillor is appointed	By: • Attending full Governing Body and committee meetings and following the rules on declaration of interests • Demonstrating integrity and impartiality in discussion and decision making • Recognising and understanding where conflicts of interests occur and seeking advice on how to handle them • Taking collective responsibility for all decisions of the Governing Body • Ensuring financial probity	These include: • Working constructively to achieve realistic solutions • Ability to support and challenge the Head Teacher and senior leaders and hold them to account for the school's performance • Probity • Ensuring value for money • Monitoring spending against budget

Role Description: Audit and Standards Committee Member

Role	Actions	Skills/Behaviour
1. Assisting councillors, co-opted members and church and parent governor representatives to observe the Councillors' Code of Conduct.	By: o ensuring that training is provided for councillors, co-opted members and church and parent governor representatives on matters relating to the Councillors' Code of Conduct; o assessing the effectiveness of such training; • promoting and maintaining high standards of conduct for councillors, co-opted members and church and parent governor representatives.	These include: • awareness of the Code of Conduct; • awareness of current legislation; Standards Board guidance and relevant Council policies; • understanding of the context within which councillors work.
2. Monitoring the effectiveness of the Councillors' Code of Conduct.	By: • receiving regular reports at Committee, including information on the way the Code of Conduct is applied in practice	These include: • awareness of the Code of Conduct; • awareness of current legislation; • ability to question and challenge.
3. Dealing with any other issues relating to standards of conduct.	By: • participating in discussions of issues that are brought to the Committee's attention • identifying issues that could be relevant to the Committee	These include: • ability to take a broad view of matters relating to ethical behaviour; • ability to question and challenge.
4. Granting dispensations to councillors, co-opted members and church and parent governor representatives, from requirements relating to interests set out in the Code of Conduct.	By: • making sound judgements based on the information presented and advice from the Monitoring Officer	These include: • awareness of the Code of Conduct; • awareness of the environment within which the Council works; • ability to question and challenge.
5. Participating in hearings on allegations of misconduct.	By: • making sound judgements based on a wide range of factual information and advice from the Monitoring Officer	These include: • awareness of the Code of Conduct • understanding of the context within which councillors work

Role	Actions	Skills/Behaviour
	• not allowing personal or political prejudices or biases to influence decisions • exploring and challenging the evidence presented in order to arrive at a proper understanding of the issues • explaining reasons for views and findings	• probity and fairness • openness • ability to question and challenge
6. Monitoring the effectiveness of the Council's internal control environment including: • the Annual Governance Statement • Arrangements for ensuring value for money • Monitoring the Council's exposure to the risk of fraud and corruption	By: • receiving regular reports from internal and external audit at committee • reviewing Risk registers • making sound judgements based on a wide range of factual information and advice from the Monitoring Officer, Chief Finance Officer and Chief Internal Auditor • reviewing Counter Fraud Policy, Whistleblowing Policy and Statement on the Prevention of Bribery	These include: • understanding of the governance structures and decision making processes • understanding of the organisational objectives and major functions of the Council • awareness of governance framework • knowledge of the Local Code of Governance • understanding of the main areas of fraud risk the Council is exposed to • knowledge of the Council's arrangements for tackling fraud • ability to question and challenge
7. In relation to Internal Audit: • overseeing its independence, objectivity, performance and professionalism • supporting the effectiveness of the internal audit process • promoting the effective use of internal audit within the assurance framework	By: • reviewing and approving the Internal Audit Strategy and Risk Based Audit Plan • reviewing Internal Audit annual report • ensuring professional internal audit standards are being followed • reviewing benchmarking data	These include: • awareness of Internal Audit Charter • awareness of Public Sector Internal Audit Standards • knowledge of how the Council meets the requirements of the role of the Chief Financial Officer and Chief Internal Auditor • ability to question and challenge
8. Considering the effectiveness of the Council's risk management arrangements. Reviewing the risk profile of the Council and receiving assurances that action is	By: • monitoring the major risks facing the Council • reviewing and approving the Internal Audit	These include: • knowledge of Corporate Risk Management Policy

Role	Actions	Skills/Behaviour
being taken on risk-related issues, including partnerships with other bodies.	Strategy and Risk Based Audit Plan	• ability to question and challenge
9. Reviewing and monitoring treasury management arrangements	By: • reviewing the Treasury Management Policy and Strategy • monitoring treasury management performance	These include: • understanding of treasury management principles • ability to question and challenge
10. Financial management and accounting	By: • reviewing the financial statements prior to publication • Receiving the external audit report and opinion on the financial audit	These include: • understanding of good financial management principles • knowledge of how the Council meets the requirements of the role of the Chief Financial Officer • ability to question and challenge

TITLE OF REPORT: **Local Code of Governance**

REPORT OF: **Mike Barker, Strategic Director, Corporate
Services and Governance**

Purpose of the Report

1.   This report asks the Audit and Standards Committee to consider an updated version of the Local Code of Governance.

Background

2   The Council has a local code of governance, which was originally presented to the Audit Committee in April 2007. The document was developed from a framework document produced by CIPFA and SOLACE. This has been updated and is attached as an appendix to this report.

3   The code defines how the Council complies with the principles of good governance laid down by the Independent Commission on Good Governance in Public Services. The principles are:

- Focusing on the purpose of the Council and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.
- Councillors and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting the values of the Council and demonstrating the values of good governance through behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of Councillors to be effective and ensuring that officers – including the statutory officers - also have the capability and capacity to deliver effectively.
- Engaging with local people and other stakeholders to ensure robust local public accountability.

4   The Code is essentially based on the Council's existing constitution, protocols and procedures and does not introduce any new policies. The attached code has been updated to include changes to these documents. The Code will be reviewed annually to support the Council's Annual Governance Statement.

5   The Committee may recall that it was advised in March 2015 that CIPFA were reviewing their framework document (referred to in paragraph 2 above) to ensure that it remained fit for purpose. Subsequently, in October 2015 the Committee agreed a response to a consultation by a CIPFA/Solace Joint Working Group on their revised draft document Delivering Good Governance in Local Government.

6   It is anticipated that the revised framework document and guidance will be issued later this year. This will probably require a fundamental redrafting of the Council's Local Code of Governance. However, in the meantime, the Code has been updated to reflect changes to it during the last 12 months. These principally relate to the refresh of the Council Plan 2015-20 and Vision 2030.

Recommendations

7   It is recommended that the Audit and Standards Committee:

(i)   approves the updated Local Code of Governance; and

(ii)   receives a further report in due course on the updated CIPFA framework document and guidance note.

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GATESHEAD COUNCIL

LOCAL CODE OF GOVERNANCE

Gateshead Council Local Code of Governance

Contents   Page

Local Code of Governance

Introduction

Welcome to the Council's Local Code of Governance.

The Local Code of Governance has been developed from a framework document produced by CIPFA and SOLACE, but the content is very much the Council's own. The six sections of the Code define how the Council complies with the six principles of good governance laid down by the independent commission on good governance in public services. These are:

1. vision, forward planning and performance,
2. roles and responsibilities of councillors and officers,
3. standards of conduct,
4. scrutiny and risk management,
5. developing capacity,
6. engaging with local people and stakeholders.

Gateshead Council, like every other local authority, operates through a governance framework which brings together an underlying set of legislative of requirements, governance principles and management processes. The Council has put considerable effort into codifying its principles and processes. Perhaps the clearest manifestation of this is the Council's constitution, published for the first time in May 2002 and reviewed annually thereafter. No less effort has gone into the development of protocols for the Council's internal procedures and for working with partners; processes for ensuring financial probity and managing risks; and code of ethical behaviour for elected councillors and employees. These developments have covered partnership work and the engagement of citizens as well as the conduct of the Council's own business.

The Local Code of Governance brings all these practices together into one document and makes them open and explicit. It identifies areas where further action is required to meet changing circumstances and/or to ensure that we are following best practice in all aspects of governance.

The Code will be reviewed annually and will support the Annual Governance Statement that the Council is required to approve.

The Council could not have achieved its success in regenerating the Borough and providing high quality services without a bedrock of sound governance and the commitment of councillors and officers to maintaining those standards. We hope that, by making explicit the underlying principles and processes, the Code will assist councillors and officers to sustain high standards in the future.

Local Code of Governance

Section 1 - Focusing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.

1. Leadership is exercised by clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users. We ensure that users receive a high quality of service whether directly, or in partnership or by commissioning. We also ensure that the authority makes the best use of resources and that taxpayers and service users receive excellent value for money.

REQUIREMENT - Make a clear statement of the authority's purpose and vision and use it as a basis for corporate and service planning and shaping the community strategy

2. The Council and partners' shared vision for Gateshead is expressed in Gateshead's Sustainable Community Strategy 'Vision 2030': *"Local people realising their full potential, enjoying the best quality of life in a healthy, equal, safe, prosperous and sustainable Gateshead."* This vision is supported through the Council's priorities detailed in the Council Plan 2015-2020.

3. Vision 2030 is the borough's overarching strategy that brings together and shapes the focus of strategies and plans that are produced by a number of organisations and partnerships in Gateshead. The Strategy was refreshed during 2015 to have a clear focus on what can be achieved over the next 5 years.
   http://www.gateshead.gov.uk/DocumentLibrary/People/Strategies/Vision-2030.pdf

4. In response to the significant financial challenges Gateshead Council is facing, a refresh of the Council Plan also took place in 2015 to enable the Council, along with partners, to be better placed to achieve positive outcomes for the people of Gateshead and deliver the ambition of Vision 2030 over the next 5 years.

5. The Council Plan 2015-2020 sets the major policy directions for the Council, influencing decisions on future budget proposals and the development of service business plans for each of the Council's services:

   - Prosperous Gateshead – a thriving economy for all
   - Live Love Gateshead – a sense of pride and ownership by all
   - Live Well Gateshead – a healthy, inclusive and nurturing place for all

   The full version of the Council Plan 2015-2020 can be found here:
   http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/CouncilPlan.pdf

   .

6. Vision 2030 and the Council Plan are central to the Council's corporate and service business planning framework.

7. The Council's Corporate Performance Management Framework supports the delivery of the Council's priorities within Vision 2030 and the Council Plan.

8. A summary annual report of the Council's performance is published on the internet and available on request.

9. As part of the corporate reporting process monthly revenue monitoring to services and quarterly reporting to Cabinet is prepared. Reports show; income, expenditure, projected outturn and variance by service. The statement of accounts is approved by the Accounts Committee. It is proposed that for 2015/16 onwards the statement of accounts will be presented to the Audit and Standards Committee and any comments by it will be presented to the Accounts Committee for consideration.

10. Prepared annually the Budget Plan and Medium Term Financial Strategy (MTFS) are a key part of the Council's Policy Planning and Improvement Framework which aims to ensure that all revenue resources are directed towards delivery of Vision 2030. The MTFS establishes how available resources will be allocated to services in line with Council priorities. The MTFS covers three years and is reviewed annually.

    Evidence
    - The Strategic Needs Assessment
    - The Gateshead's Sustainable Community Strategy, Vision 2030
    - The Council Plan 2015-2020.
    - The Council's Corporate Performance Management Framework.
    - Delivery and Performance Reports
    - Annual Report
    - Medium Term Financial Strategy.
    - Budget Plan.
    - Statement of Accounts.
    - Summary of Accounts.
    - Council Tax and NNDR leaflet.
    - Service Business Plans.

11. **Future**
    - In early 2016, a refresh of the corporate performance management framework will be undertaken to ensure it is supporting the delivery of the Council Plan
    - Strengthening the Value for Money Framework.
    - Present the statement of accounts to the Audit and Standards Committee prior to its consideration by the Accounts Committee.

REQUIREMENT - Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available. The authority must ensure that this information is reflected in its Corporate Plan, Medium Term Strategy and Resourcing Plan in order to ensure improvement.

12. Service excellence remains a Council wide priority and is included in every business plan. Quality of service is monitored through the portfolio meetings, the performance management cycle and scrutinised through the Overview and Scrutiny Committees and Cabinet.

13. The Council has an agreed Policy Planning and Improvement Framework. The quality of service is measured using strategic indicators and this is reported through the scrutiny process,

14. The Council has implemented a Council wide performance management ICT system which seeks to bring together all performance indicators, actions and financial information to provide real time reporting.

15. **Evidence**
   - Corporate Performance Annual Assessment.
   - Service Business Plans.
   - Service Reviews.
   - Overview and Scrutiny Reviews.
   - Strategic indicators and targets monitored through group management teams, Strategy Group and then reported to councillors, OSC and Cabinet on a six monthly basis.
   - There is a Senior Management Group whose primary focus is performance.

16. **Future**

   - In early 2016, a refresh of the corporate performance management framework will be undertaken to ensure it is supporting the delivery of the Council Plan.

> **REQUIREMENT - Decide how value for money is to be measured and make sure that it has the information needed to review value for money and performance effectively is available. Ensure that the results are reflected in authorities' performance plans and in reviewing the work of the authority.**

17. The Council has embarked on a 5 year Change Programme to ensure that resources are directed to deliver the Council's priorities in the challenging economic context, by supporting and facilitating activities and projects needed to deliver the transformation of council services. Progress is reported on a regular basis to the Change Programme Board and key initiatives from the programme are taken to Cabinet for approval.

18. To provide a framework for the Strategic Director, Corporate Resources to exercise his delegated powers, the Council agrees a three year Treasury Management Policy & Strategy, which is reviewed at the start of each financial year. The Treasury Policy and Strategy are prepared taking into account the Local Government Act 2003, Communities and Local Governments (CLG) Guidance on Local Government Investments, CIPFA's Prudential Code for Capital and CIPFA's Revised Code on Treasury Management. In line with CIPFA's Code of Practice, performance is reported mid year and annually. Compliance with Prudential Indicators is reported on a monthly basis to the Treasury Management Strategy Group and to councillors on a quarterly basis.

19. The Council has implemented a Council wide performance management ICT system which seeks to bring together all performance indicators, actions and financial information to provide real time reporting.

20. **Evidence**
    - Business plans.
    - Annual Report – which complies with the statutory performance plan requirements.
    - VFM inspection.
    - Priority themes are identified each year and the work of the Efficiency and VFM Group is focused on these themes.

21. **Future**
    - The development of the VFM Framework.
    - The continued implementation of the corporate performance management ICT system across the council.- ongoing

> **REQUIREMENT - Put in place effective arrangements to deal with failure in service delivery.**

22. The Council's corporate performance management framework is continually reviewed to ensure it is effective, fit for purpose and sustainable. It is a positive tool for employees, managers and councillors to use to take appropriate action, allocate resource and drive improvement. The approach and application of performance management incorporates:

    - A clear distinction between the three linked factors of performance management – Strategic, Management Oversight and Operational – this approach formalises roles, responsibilities, expectations and consequences of poor performance and prompts constructive challenge and risk based escalation.

    - Reporting of performance is focused and structured around the individual role and remit of each Overview and Scrutiny Committee and the outcomes of the Council Plan.

    The approach and application of performance management will help deliver priorities within Vision 2030 and the Council Plan 2015-2020.

23. In practical terms there is an annual performance management cycle, which includes setting targets in line with the aims of the Council Plan 2015- 2020 and performance reporting that highlights key actions necessary in the following year to improve performance and limit failure in service delivery. The Council has a corporate set of strategic indicators that are monitored through Group Management Teams, Strategy Group, Overview and Scrutiny Committees and reported to Cabinet and Council. In addition, monitoring of operational indicators is undertaken within Group Management Teams. Service Directors are responsible for these indicators which form part of their Service Business plan.

24. The Council has a robust corporate compliments and complaints procedure. Service improvements are highlighted as a result of justified complaints and are highlighted in service plans if any further action is necessary. An annual report relating to

compliments, complaints and service improvements is considered by the Corporate Resources Overview and Scrutiny Committee and Cabinet.

25. The Council Plan 2015-2020, sets out the Council's programme for improvement. It is based on a range of improvement actions that are drawn from:

- The Joint Strategic Needs Assessment ,
- Council's own reviews e.g. service reviews, OSC reviews, Change Programme,
- external inspections such as Ofsted, Care Quality Commission, External Auditor
- issues arising from the Council's ongoing Performance Management Systems (including scrutiny),
- consultation exercises.

These actions, in common with everything the Council does, are directed towards the achievement of the Council's vision.

26. There are four Overview and Scrutiny Committees and two Sub Committees who support the work of the Cabinet and the Council as a whole. They make recommendations and reports to the Cabinet and the Council on its policies, budget and service delivery. They may comment on forthcoming decisions and on policies and budgets that are in the course of development.

27. Overview and Scrutiny Committees also monitor the decisions of the Cabinet. They can 'call in' a decision that has been made by the Cabinet but not yet implemented and if they think it appropriate may ask the Cabinet to think again. They can also hold reviews and inquiries into matters of local concern, involving other agencies in Gateshead as well as the Council.

28. **Evidence**
- The application and approach of the Council's corporate performance management framework
- Service Business Plans.
- Service reviews.
- Overview and Scrutiny Committees.
- Strategic indicators monitored through Group management teams, Strategy Group and then reported to councillors six monthly.
- Operational performance monitored via Group Management Teams.
- There is a Senior Management Group whose primary focus is performance.

29. **Future**
Review of corporate performance management framework, including strategic indicators and approach to target setting, following refresh of the Council Plan (expected to be completed by March 2016)

REQUIREMENT - When working in partnership ensure that there is a common vision underpinning the work of the partnership that is understood and agreed by all partners.

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30. Gateshead Council has embraced fully the drive to improve service planning and delivery through increased partnership working, with well over one hundred partnerships

having been established by, or involving, the Council. Without doubt, working in partnership can assist the Council in achieving its objectives and delivering service improvements for the benefit of Gateshead residents. In practical terms this is supported by the development of a guide to partnership working.

31. Gateshead's Sustainable Community Strategy "Vision 2030" was developed to ensure there was a common vision with clear targets, which was understood and agreed by all partners.

32. **Evidence**
   - Refreshed "Guide to Partnership Working" (January 2015) achieved
   - Refreshed Protocol on Partnerships (no 15). (February 2015) achieved
   - Gateshead Strategic Partnership (GSP) handbook (including operational arrangements, decision making, meetings, chairs and vice chairs and councillors roles, terms and conditions, membership, frequency of meetings, access to agendas and meetings) (Revised 2014).

33. **Future**
   - Responding to Government policy initiatives impacting on the Council's community leadership role and its role as convener of services.

Local Code of Governance

Section 2 – Councillors and officers working together to achieve a common purpose with clearly defined functions and roles

REQUIREMENT – Set out a clear statement of the roles and responsibilities of the Executive and its councillors and the authority's approach towards putting this into practice.

1. The Council has a Leader and Cabinet Executive. Their roles and responsibilities are set out in Article 7 of the Constitution. The Cabinet is collectively responsible for developing the Council's budget and policy framework, and ensuring that Council policy is implemented by taking executive decisions within that framework.

2. Cabinet members are appointed and allocated portfolios by the Leader. Within their portfolio area, Cabinet members represent the Council, leading change through the review and development of services and publicly presenting issues and policies as they develop. They do not however have individual decision-making powers; all matters that are the responsibility of the Cabinet are determined by the Cabinet collectively.

3. **Evidence**
   - Formal, public meetings of the Cabinet.
   - Regular briefings of the Leader and Cabinet by the Chief Executive.
   - Regular meetings of Cabinet members with the relevant Strategic Director and other senior staff, who support their portfolio area.
   - The Protocol on Councillor-Officer Relations, which gives advice on the working relationships between all councillors and senior managers.
   - The Gateshead Council Constitution - http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf

4. **Future**
   - The Localism Act 2011 maintained provision for a Leader and Cabinet Executives. There are flexibilities within the legislation, for example, the delegation of functions to individual members, which can be utilised by the Council if required.

REQUIREMENT – Set out a clear statement of the respective roles and responsibilities of other authority councillors, councillors generally and senior officers.

5. Article 2 of the Constitution sets out councillors' key roles, ranging from dealing with case work and representing the interests of their ward, to participating in the governance of the Council and (collectively in Council) acting as the ultimate policy-makers.

6. The Council has agreed a statement on the role of the ward councillor. This defines their role as:
   - being the lead advocate for local communities,
   - identifying service needs specific to neighbourhoods in their ward and exploring how those needs can be met,
   - monitoring service delivery and raising issues about performance,
   - working with local people and organisations to develop community partnerships,
   - carrying out case work and helping to resolve people's problems,
   - being the focal point for the "Community Call for Action".

7. This is supported by a protocol which sets out standards for officers to observe in consulting and communicating with councillors.

8. Article 13 of the constitution sets out the roles of employees and particularly of strategic directors. Officers at service director level and above have specific responsibility for managing human and financial resources and taking decisions under delegated powers – **see paragraphs 37-39**.

9. **Evidence**
   - Gateshead Council Constitution - http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
   - Statement on the role of the Ward Councillor.
   - Protocol for Consultation and Communication with Councillors.
   - Protocol on Councillor/Officer Relations.
   - Training course for officers working with councillors.

10. **Future**
    - A Councillor Engagement and Development Framework has been developed and will be embedded across the Council.

REQUIREMENT – Develop protocols to ensure effective communication between councillors and officers in their respective roles.

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11. Officers are required to consult ward councillors, as well as the relevant Cabinet member on matters affecting their wards that require to go to Cabinet or a committee for decision, or on which they are intending to take a decision under delegated powers. Officers are also required to acknowledge councillors' enquiries by the end of the next working day and to provide a full reply within three working days (or an explanation as to why a reply cannot be given within that timescale).

12. The Protocol on Councillor-Officer Relations also gives guidance on what councillors can and cannot expect in terms of advice and information from officers.

13. **Evidence**
    - Councillor-Officer Relations.
    - Protocol for Consulting and Communicating with Councillors.
    - Councillor Engagement and Development Framework.

14. **Future**
  - Training has been developed to assist officers in their presentational skills at meetings involving Councillors and will continue to be provided.

> **REQUIREMENT – Develop protocols to ensure that the Leader and Chief Executive negotiate and maintain their respective roles early in their relationship and have a shared understanding of roles and objectives.**

15. The roles of the Leader and the Chief Executive are set out in the Constitution (Articles 7 and 13 respectively). Formally, guidance on the relationship between officers (including the Chief Executive) and the Leader is given in the protocol on Councillor-Officer Relations. However, the relationship between Leader and Chief Executive is to some degree a personal one and by its nature cannot be entirely expressed in a written protocol.

16. **Evidence**
  - Gateshead Council Constitution, articles 7 and 13 - http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf

17. **Future**
  - Ensure that the relationship is kept under review.

> **REQUIREMENT – Set out the terms and conditions for remuneration of councillors and officers and an effective structure for managing the process including an effective remuneration panel.**

18. Councillors' remuneration is agreed by the Council on the recommendation of an Independent Remuneration Panel constituted under the Local Authorities (Members' Allowances) Regulations 2003. The Panel, currently chaired by a representative of the local business community, carries out the reviews of councillors' remuneration. This allows changes in councillors' duties and changing trends in allowances nationally, to be reflected in the Council's allowances scheme.

19. The pay structure for employees at service director level and above is agreed by the Council's Contracts Committee. Other employees are paid in accordance with national conditions of service. A job evaluation scheme for all employees below service director level has been undertaken. This provided a robust foundation for fair and equitable remuneration across the board.

20. In accordance with the Localism Act 2011 the Council produced a pay policy statement for the financial year 2012/13 and is required to produce a further statement for each subsequent year. The pay policy statement is approved by Council and publicised on the Council's website.

21. **Evidence**
  - Councillors' Allowances (Report of the Independent Remuneration Panel, to Council March 2015 report).

- Gateshead Council Constitution – Terms of Reference of Contracts Committee
  http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf

22. **Future**
- An Independent Remuneration Panel to carry out further reviews in future years.
- As required the Council will review its pay policy statement at least annually.

> **REQUIREMENT – Ensure that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly anticipated and disseminated.**

23. The vision for Gateshead is set out in the Gateshead Strategic Partnership's Sustainable Community Strategy 'Vision 2030' which was first developed in 2007. It was subsequently refreshed in 2010 following widespread public and partner consultation, and in 2015 using evidence and analysis from the Joint Strategic Needs Assessment, Economic Assessment, Community Safety Assessment, consultations and Resident Survey data. The Council Plan 2015-2020 is Gateshead Council's statement of intent – our priorities and action to deliver Vision 2030.

24. The outcomes set out in the Council Plan are supported by the service business plans for each service (updated annually by Service Directors) and a series of statutory and non-statutory plans that comprise the Council's policy framework (listed in Article 4 of the Constitution). Plans are approved by the Council following consultation with the public, partners and stakeholders. When we consult, we do so using a set of consultation principles as a guide. As well as consulting with residents on specific issues, we work in partnership to carry out longer term engagement. This involves working closely with communities to ensure they are empowered, supported and developed to be involved in decisions that affect their lives.

25. The Council has a well developed Medium Term Financial Strategy which forms part of the Council's Plan. The MTFS is refreshed on an annual basis taking into consideration changes in service demands and legislation. The principles of the MTFS, a robust budget setting process with detailed consultation and a monthly revenue monitoring process, underpin the overall process.

26. **Evidence**
- Council Plan 2015-2020.
- Gateshead's Sustainable Communities Strategy "Vision 2030".
- Gateshead Council Constitution – Article 4
  http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
- The Council's Consultation Principles
- Gateshead Communities Together strategy

27. **Future**
- Business plans reviewed annually to link to Gateshead's Sustainable Community Strategy "Vision 2030" and Council Plan outcomes.

- Refresh of Gateshead's Sustainable Community Strategy "Vision 2030" (June 2015).- completed
- Review of Council Plan (June 2015) – completed
- Review of Gateshead Communities Together Strategy (planned for 2016)

REQUIREMENT – When working in partnership ensure that:
- **there is clarity about the legal status of the partnership**
- **the roles and responsibilities of the partners are agreed so that there is effective leadership and accountability**
- **representatives or organisations make clear to all other partners the extent of their authority to bind their organisation to partner decisions.**

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28. Article 10 of the Council's Constitution identifies partnership working as a growth area and, recognising the benefits to be derived, undertakes to take further steps to facilitate effective working at a local level with other structures and agencies.

29. The Council has produced a guide to partnership working for the benefit of council officers and partners, to ensure that they have the knowledge and the skills necessary to realise the full potential of partnership working at its best. The guide provides a definition of a partnership and standards and principles that should be adhered to, and considered, when forming a partnership.

30. The Council also holds a Partnerships Register which sets out information on its key partnerships (including their legal status). The register acts as:

- a reference guide for councillors, members and officers,
- an audit tool, to ensure that there is minimal duplication in the work of partnerships and that adequate governance arrangements are in place and are accessible.

31. The register is continuously reviewed and updated and contains details of membership, resources for which the partnership is responsible, governance arrangements (including accountability), purpose, benefits and the identity of the lead officer, who is answerable for the effectiveness of the partnership in question.

32. **Evidence**
- Council Plan 2015-2020
- Gateshead's Sustainable Community Strategy "Vision 2030".
- Gateshead Council's Constitution http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
- Partnership Register
- Guide to Partnership Working (revised January 2015)

33. **Future**
- Undertake an internal audit review of partnership arrangements to ensure effective leadership and governance is in place. (completed)

REQUIREMENT – Ensure that effective mechanisms exist to monitor service delivery.

34. Service delivery is monitored in a variety of ways:
    - Through performance indicators that are used by managers to support improved service delivery and reported to Overview and Scrutiny Committees and Cabinet.
    - Through deficiencies being brought to the attention of managers by councillors and the public.
    - Through the corporate complaints system, which is used by managers to identify weaknesses in services and to drive improvements (an annual report on complaints, and action taken in response, is submitted to Cabinet and the Corporate Resources Overview and Scrutiny Committee).
    - By Overview and Scrutiny Committees carrying out reviews of performance.

35. **Evidence**
    - Annual Report on Corporate Complaints.
    - Six monthly reports on performance in achieving the outcomes of the Council Plan and Vision 2030.

36. **Future**
    - Annual review in line with any changes.

REQUIREMENT – Determine a scheme of delegated and reserved powers within the constitution, including a formal schedule of those matters referred for collective decision of the authority taking into account of relevant legislation and ensure that it is monitored and updated when required.

37. Part 3 of the Constitution sets out formally and in detail the matters that are delegated to the various committees of the Council and to strategic directors and service directors. It also lists the matters that are reserved for decision by the full Council.

38. Article 16 of the Constitution places a duty on the Chief Executive and the Monitoring Officer to monitor and review the Constitution to ensure that its aims and principles are given full effect. Article 16 also sets out the procedure for changing the Constitution.

39. In practice, an annual review of the Constitution is carried out, led by the Democratic Services Manager and reported the Cabinet and full Council. A detailed procedure for carrying out the review is set out in the Corporate Services and Governance Quality Management System. This ensures that the Constitution remains up to date in terms of changes to Council policy, revised delegations and on points of detail such as updated references to legislation.

40. The Health and Social Care Act 2012 resulted in the restructure of public health nationally and locally. The Council has approved arrangements for the transfer of public health functions from the NHS to the Council and the establishment of the Health and Wellbeing Board. Parts 2 and 3 of the Constitution have been amended to reflect these requirements.

41. **Evidence**
    - Council Constitution
      http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
    - Report to Council (November 2015) on Annual Review of Constitution.
    - Report to the Council on the transfer of the public health functions (March 2013)

42. **Future**
    - Continue to undertake the annual review of the Constitution.

REQUIREMENT - Ensure that effective management arrangements are in place at the top of the organisation.

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43. By law and under Article 13 of the Constitution, the Chief Executive is required to report to full Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of employees required for the discharge of functions and the organisation of employees. Similarly, the Chief Executive is responsible for advice to the Council and Cabinet on strategy, policy management and organisation.

44. Ensuring that effective management arrangements are in place and that there is effective succession planning, is a key role of the Chief Executive, which is discharged through:

    - discussion with the Leader and Strategic Directors;
    - the Contracts Committee, which is responsible for appraisal, remuneration and contracts of service for senior managers; and
    - the Special Appointments Committee, which is responsible for the appointment of chief officers.

45. The Council has always recognised the need for its management arrangements to be efficient, effective, and responsive to current and foreseeable needs. This is achieved by ongoing review of those arrangements, and the development of appropriate proposals for change.

46. **Evidence**
    - The Council Constitution
    http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
    - Functional Review implemented from October 2014 and changes to the Senior Management Structure agreed by Council in December 2015.

47. **Future**
    - Continue to review the Council Constitution annually.
    - The Chief Executive and Strategy Group will continue to keep management arrangements and succession planning under review.

REQUIREMENT – Make the Chief Executive responsible and accountable to the authority for all aspects of operational management.

48. Under Article 13 of the Constitution, the full Council is required to engage a person to be Chief Executive and head of the Council's paid service. He/she is the head of the Council's employee structure and has authority over every employee. He/she is responsible for advice to the Council and Cabinet on strategy, management, policy and organisation. He/she reports to the Council on the manner in which the discharge of the Council's function is co-ordinated the number and grade of employees required for the discharge of the function and the organisation of employees.

49. Under Article 13 the Chief Executive has primary responsibility for ensuring that all decisions taken by the Council, the Cabinet or any other Council body are taken according to a proper process and after full consideration of all relevant facts and circumstances. She may call a meeting of the Council, Cabinet or any other Council body if she or the Monitoring Officer considers it necessary.

50. Also under Article 13 the Chief Executive may put any item on the agenda of the Council, Cabinet or any other Council body if it appears to be necessary and will be given the opportunity to comment on every report submitted to a decision-making body. The Monitoring Officer and the Chief Finance Officer can require a report to be taken to Cabinet or Council where they have concerns over the lawfulness of a Council decision, actual or proposed.

51. **Evidence**
   - Council Constitution – articles 13 and 14
     http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf

52. **Future**
   - Keep the effectiveness of these arrangements under review.

REQUIREMENT – Make a senior officer (usually the Director of Finance) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper records and accounts, and for monitoring an effective system of internal financial control.

53. Under Article 13 of the Constitution, the Strategic Director, Corporate Resources is designated as the Council's Chief Finance Officer with responsibility for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972. The Chief Finance Officer's (CFO) responsibilities are set out in Article 13 as:

   - ensuring the lawfulness and financial prudence of decision making, with a duty to report to the Council and the external auditor if he/she considers that any proposal or decision will involve incurring unlawful expenditure,
   - administration of the Council's financial affairs, including acting as the Council's designated Money Laundering Reporting Officer,
   - contributing to corporate management,

- providing advice, particularly on financial impropriety, probity and budget and policy framework issues,
- giving financial information.

54. The CFO holds a relevant professional qualification and their core responsibilities include those as set out in the CIPFA Statement on the role of the CFO in Local Government. The CFO has a responsibility to ensure these principles and responsibilities are fully understood throughout the organisation.

55. The CFO leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. The CFO also has a line of professional accountability for finance staff throughout the organisation.

56. Under the management of the CFO, budget guidance is issued on an annual basis and takes into consideration issues identified in the Medium Term Financial Strategy. The budget is loaded into the Council's financial ledger and both income and expenditure are monitored monthly by services and reported quarterly to Cabinet.

57. **Evidence**
   - Council Constitution, article 13
     http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
   - CIPFA Statement on the Role of the CFO in Local Government.

58. **Future**
   - Keep the effectiveness of these arrangements under review.

> **REQUIREMENT – Make a senior officer (usually the Monitoring Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other statements of good practice are complied with.**

59. Under Article 13 of the Constitution, the Strategic Director, Corporate Services and Governance is designated as the Council's Monitoring Officer, with the following responsibilities:
   - Ensuring the lawfulness of decision making, with a duty to report to the Council or Cabinet if he/she considers that any proposal or decision would give rise to unlawfulness.
   - Conducting investigations into matters referred by ethical standards officers and making reports to the Audit and Standards Committee, and receiving reports from ethical standards officers and case tribunals.
   - Acting as the proper officer for access to information.
   - Maintaining the Constitution.
   - Determining whether executive decisions are within the budget and the policy framework.
   - Providing advice on a range of issues, including the scope of powers and authority to take decisions.
   - Supporting the Audit and Standards Committee in promoting and maintaining high standards of conduct.

60. **Evidence**
   - Council Constitution – article 13
     http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf

61. **Future**
   - Keep the effectiveness of these arrangements under review.

Local Code of Governance

Section 3 – Promoting the values of the authority and demonstrating the values of good governance through behaviour

REQUIREMENT – Ensuring councillors and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance and also ensuring that organisational values are put into practice and are effective.

1. Councillors and officers strive to develop and maintain shared values, including leadership values both for the Council and its employees, reflecting public expectations about the conduct and behaviour of individuals and groups, within and associated with, the Council. The Council's values are formally expressed in the Council Plan 2015-2020.

2. The Sustainable Community Strategy "Vision 2030" and the Council Plan collectively set out the Council's vision, supported by its priorities over the next five years and more detailed service business plans.

3. Values of good governance are emphasised in training for councillors (ethics and probity) and officers.

4. **Evidence**
   - Review of Partnerships.
   - The corporate performance management framework
   - Councillors' Charter for Consultation and Communication.
   - General Principles of Conduct for Members of Local Authorities.
   - Councillors' Handbook
   - Councillors' Code of Conduct – Code of Conduct for Councillors of Gateshead Council.
   - Development Control – Protocol on Good Practice.
   - Regulatory Committee – Protocol on Good Practice.
   - Licensing Committee – Protocol on Good Practice.
   - Code of Conduct for Local Government Employees – Gateshead Council.
   - Protocol on the Role of the Monitoring Officer.
   - Protocol on Councillor-Officer Relations.
   - Protocol on Petitions.
   - Constitution of the Council, Parts 1 to 4.
   - Counter Fraud and Corruption Policy
   - Statement on the Prevention of Bribery

5. **Future**
   - Review these arrangements in the light of Government policy proposals.
   - Review the Protocol on Councillor/Officer Relations.

> **REQUIREMENT - Use the Council's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council.**

6. The Council's success in regenerating the borough and in delivering high quality services has been built largely on positive relationships between councillors and officers based on shared values.

7. **Evidence**
   - Ongoing training and development for councillors and officers.

8. **Future**
   - Continue to keep these relationships under review.

> **REQUIREMENT – Develop and adopt formal codes of conduct defining the standards of personal behaviour.**

9. The Council has developed a number of formal codes of conduct to provide guidance to all those representing the Council across all areas. These codes ensure that everyone is aware of what is expected of them and what may be applicable in all situations.

10. **Evidence**
    - As per paragraph 4 above, plus:
    - Human Resources policies and procedures:
        - Appraisal and development – expectation, roles and responsibilities
        - Bullying, harassment and grievances including the Whistle Blowing Policy
        - the Counter Fraud and Corruption Policy and Statement on the Prevention of Bribery
        - Conduct, capability and disciplinary including the Whistle Blowing Policy
        - Equalities and Diversity
        - Health, Safety and Wellbeing
        - Data Protection, Freedom of Information and Communications including Computer Security Policy

11. **Future**
    - Keep policies and procedures under review.

> **REQUIREMENT - Develop and maintain an effective Standards Committee which acts as the main means to raise awareness and take the lead in ensuring high standards are firmly embedded within the local culture.**

12. The Council has put in place arrangements to deal with the requirements of the Localism Act 2011 in respect of complaints. These include the establishment of an Audit and Standards Committee, which is responsible for maintaining high standards of conduct in the Council and for arranging training in the Code of Conduct (**see also paragraph 39, section 4**). The Council has also adopted a code of conduct for members of the Council.

13. **Evidence**
   - Constitution Article 9, which sets out its role and function and includes the promotion and maintenance of high standards of conduct, training of councillors and monitoring the operation of the Councillors' Code of Conduct. It also contains specific commitments, at Article 9.04 for the Leader of the Council and the Chief Executive to "personally promote and maintain high standards of conduct among councillors, co-opted members and officers, and will liaise with the Audit and Standards Committee, from time to time, on how this is to be achieved".
   - The track record on Ombudsman complaints and councillor investigations.
   - Terms of reference of the Audit and Standards Committee.
   - Agenda and minutes of the Audit and Standards Committee.

14**. Future**
   - Review and re-provide training in the light of any changes to standards regime.

> **REQUIREMENT - Put in place arrangements to ensure that councillors and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.**

15. There are currently a number of national and local measures in place safeguarding against unfair bias, prejudice or conflicts of interest among employees and councillors when involved with stakeholders. These are set out in more detail in **paragraphs 10-13 of section 4**.

16. **Evidence**
   - General Principles of Conduct for Members of Local Authorities.
   - Code of Conduct for Councillors of Gateshead Council.
   - Development Control – Protocol on Good Practice.
   - Regulatory Committee – Protocol on Good Practice.
   - Licensing Committee – Protocol on Good Practice.
   - Gateshead Council – Code of Conduct for Local Government Employees.
   - Protocol – The Role of the Monitoring Officer.
   - Protocol on Councillor-Officer Relations.
   - Contract Procedure Rules.
   - Gateshead Strategic Partnership Members Handbook – Membership Roles.
   - Code of Conduct for Employees.
   - Councillors' Register of Interests.

17. **Future**
   - Keep the effectiveness of these arrangements under review.

> **REQUIREMENT - Put in place arrangements to ensure that the Council's procedures and operations are designed in conformity with appropriate ethical standards and to monitor their continuing compliance in practice.**

18. The Council's Monitoring Officer and his staff undertake a continuous overview of procedures, operations, plans and strategies to ensure that they comply with ethical standards.

19. The Chief Finance Officer also has arrangements in place to ensure that the systems and processes for financial administration, financial control and protection of the Council's resources and assets are designed in conformity with appropriate ethical standards. These procedures are also continuously monitored and are subject to regular testing by the Internal Audit Service.

20. **Evidence**
   - Constitution Article 9: The Audit and Standards Committee http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
   - Protocol – The Role of the Monitoring Officer.
   - Constitution Article 14: Decision Making.
   - Constitution Article 13: Employees of the Council.
   - Constitution Article 3: Citizens and the Constitution.
   - Constitution Article 2: Members of the Council.
   - Constitution Article 1: The Constitution.

21. **Future**
   - Keep the effectiveness of these arrangements under review.

> **REQUIREMENT - In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be alive and demonstrated by partners' behaviour both individually and collectively.**

22. The Council pursues a partnership vision and can demonstrate this through a number of approaches set out in revised approaches to partnership working agreed by Cabinet and the GSP Steering Group in October 2011. However, further work needs to be done on:
   - councillor appraisal
   - defined roles for Chairs and Vice-Chairs
   - strengthened governance arrangements for partnerships, beyond existing broad guidelines.

23. **Evidence**
   - Review of partnership working (January 2015 - completed)

24. **Future**
   - Consider the introduction of councillor appraisals.
   - Define what is expected of Chairs and Vice-Chairs acting in those capacities.
   - Adhere to Audit Commission guidance on the governance of partnerships, using External and Internal Audit as a critical friend, to refine approach.

Local Code of Governance

Section 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

REQUIREMENT – Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Authority's performance overall.

1. The Council has four overview and scrutiny committees, which between them cover all the activities of the Council. There are also two sub-committees – Corporate Parenting sub committee and a Community Safety sub committee. The Overview and Scrutiny Committees review decisions and call decision-makers to account; review the performance of council services; carry out policy reviews and review the activities of outside bodies whose actions affect the lives and well being of Gateshead residents. To ensure that scrutiny activity is co-ordinated and that the greatest value is extracted from the available resources, annual work programmes are drawn up and kept under review. This does not however preclude other, more urgent, items being added to the programme.

2. The Chief Finance Officer has delegated responsibility to maintain an adequate internal audit of the Council's financial affairs as required by Section 151 of the Local Government Act 1972. The Accounts and Audit Regulations 2011 also require Councils to make provision for Internal Audit. It is the responsibility of the Chief Finance Officer and Chief Internal Auditor to ensure the Internal Audit Service is effective and adequately resourced. An annual review of the effectiveness of the system of internal audit is carried out and considered by the Audit and Standards Committee.

3. **Evidence**
   - Council Constitution – Article 6 and OSC procedure rules
     http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
   - Audit Charter
   - Annual review of the system of Internal Audit
   - Annual report of the Audit and Standards Committee to Cabinet
   - Review of the Council's Decision Making Structures (May 2014)

4. **Future**
   - Keep scrutiny arrangements under review.

> **REQUIREMENT – develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.**

5. All decisions of the Council, its committees and the Cabinet are based on full written reports which include all relevant evidence and reasons for adopting the proposed course of action, with details of any alternative options considered. These reasons are then recorded in the minutes of the body concerned.

6. Senior managers who take key decisions under delegated powers are required to make a record of the exercise of delegated function setting out, among other things, the reasons for their decisions.

7. All agendas and minutes are open to public inspection, subject to any lawful exemptions under access to information rules.

8. **Evidence**
   - Council constitution Article 14
     http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
   - Council protocol 3 – report formats and preparing reports.
   - Agendas and minutes of Council, Cabinet and committees.

9. **Future**
   - No specific action but procedures will be kept under review.

> **REQUIREMENT – put in place arrangements so that conflicts of interest on behalf of councillors and employees can be avoided and put in place appropriate processes to ensure that they continue to operate in practice.**

10. Councillors are required to register their interests (as defined in the Councillors' Code of Conduct) in a register maintained by the Monitoring Officer. They are also required to declare an appropriate interest when a matter in which they have an interest comes up for discussion at a meeting at which they are present.

11. The register of interests is regularly reviewed by the Monitoring Officer/Deputy Monitoring Officer.

12. Officers are subject to rules on conflicts of interest which are set out in the Code of Conduct for Employees and in Section 117 of the Local Government Act 1972. In addition, for some categories of post where there is an exceptionally high risk of conflict of interest, such as development control officers and auditors, there is a requirement to complete a register of interests.

13. The rules on conflicts of interest are reinforced in training sessions for both councillors and officers. The frequency with which councillors and officers approach the Monitoring Officer and her staff with enquiries about matters relating to interests suggests that they are aware of the importance of this issue.

14. **Evidence**
    - Code of Conduct for Councillors.
    - Code of Conduct for Employees.
    - Councillors' Register of Interests.
    - Statement on the Prevention of Bribery

15. **Future**
    - Keep the effectiveness of these arrangements under review.

REQUIREMENT – put in place arrangements for whistleblowing to which staff and all those contracting with the authority have access.

16. The Council has a Whistleblowing Policy which is set out in the employee handbook.

17. The procedure has not specifically been extended to contractors although there is no reason why a relevant issue raised by a contractor could not be dealt with under the procedure.

18. **Evidence**
    - Whistleblowing Policy

19. **Future**
    - Keep under review.

REQUIREMENT – put in place effective transparent and accessible arrangements for dealing with complaints.

20. The Council has an effective complaints and compliments procedure, which allows complaints to be resolved at the most appropriate level:

    Step 1 - an immediate response by the staff concerned with the aim of resolving the problem.

    Step 2 - investigation by appropriate service manager.

    Step 3 - review by the Chief Executive.

21. Further, the complainant is informed that if they are not satisfied with the outcome of the Chief Executive's review, they may take their complaint to the Local Government Ombudsman.

22. The complaints system is highly accessible. Complaints leaflets are made available at civic buildings throughout the Borough. Complaints may also be made via the Council's website.

23. The progress of responses to complaints is tracked through a computerised tracking system. A key objective of the procedure is to enable the Council to identify and learn from failures in service delivery. Ongoing monitoring of performance by service managers via the tracking system enables early identification of any service failure.

24. A designated officer in Corporate Services and Governance is responsible for monitoring the overall performance of the corporate complaints system, working with complaints officers in groups and services. An annual report is submitted to the Cabinet and the Corporate Resources Overview and Scrutiny Committee on the Council's performance in handling complaints, broken down by groups and services, and on lessons learned from complaints. The Scrutiny Committee holds individual service managers to account for the performance of their service in respect of complaints resolution and the delivery of service improvements.

25. With regard to complaints against elected councillors, the Monitoring Officer has been appointed as the Proper Officer to receive complaints of a failure by a councillor (the definition of which includes a co-opted member of the Council and a Parish councillor or co-opted member of the Parish Council) to comply with the code of conduct.

26. The Monitoring Officer has power, after consulting the Independent Person, to decide if a complaint merits formal investigation and, if it does, to arrange such investigation.

27. The Monitoring Officer is required to seek resolution of complaints without formal investigation wherever practicable but has discretion to refer decisions about investigations to the Audit and Standards Committee where he feels it is inappropriate to make the decision.

28. In deciding if a complaint should be investigated the Monitoring officer will take into account a pre-set assessment criteria.

29. If an investigation takes place but finds no evidence of a failure to comply with the code, the Monitoring Officer will consult the Independent Person about the investigation report and its findings and report the findings to the Audit and Standards Committee who may decide that a hearing is nevertheless called for. A copy of the report will be provided to the complainant and the councillor concerned.

30. If an investigation finds evidence of a failure to comply with the Code, the Monitoring Officer, in consultation with the Independent Person, will report the findings to the Audit and Standards Committee for a local hearing.

31. **Evidence**
   - Council complaints and compliments form "Have Your say".
   - Annual reports on the Council's corporate complaints system.
   - The Audit and Standards Committee's delegated powers.
   - Review of the Council's Decision Making Structures (May 2014)

32. **Future**
   - The effectiveness of arrangements to be kept under review.

> **REQUIREMENT – Develop and maintain an effective audit committee, which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of these functions.**

33. In May 2006 the Council established an audit committee to take an overview of the Council's arrangements for audit and risk management. It meets seven times a year

and is supported by the Strategic Director, Corporate Resources and the Chief Internal Auditor.

34. In May 2014, the Council undertook a review of its decision making structures merging the Audit and Standards Committee. Its terms of reference are set out in the Council's constitution. Membership of the committee is politically balanced and includes two independent persons. There can be no more than two Cabinet members on the committee, and its chair cannot be either a Cabinet member or an Overview and Scrutiny Committee chair.

35. **Evidence**
   - Terms of reference of the Audit and Standards Committee.
   - Agenda and minutes of Audit and Standards Committee.
   - Annual Report of the Audit and Standards Committee to Cabinet.
   - Annual review of the effectiveness of Internal Audit including the Audit and Standards Committee
   - Review of the Council's Decision Making Structures (May 2014)

36. **Future**
   - No specific action required but the effectiveness of the Audit and Standards Committee should be kept under review.

REQUIREMENT – develop and maintain an effective Standards Committee, which lies at the heart of decision-making and awareness raising on standards issues.

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37. The Localism Act 2011 came into force on 15 November 2011. The Act contained provisions to abolish the current standards regime including Standards Board for England, the prescribed Code of Conduct and Compulsory Standards Committees and Sub-Committees. These provisions came into force on 1 July 2012.

38. The Act introduces a duty on Councils to "promote and maintain high standards by members and co-opted members of the Authority.

39. The requirement to have a Standards Committee and Sub-Committees, with the powers provided by legislation, was removed. However, the Council agreed to set up a politically balanced Standards Committee, as it was felt that in the light of the statutory duty to maintain high standards, that there would be standards issues such as receiving investigation reports, to deal with. The Council subsequently agreed to merge the Audit and Standards Committee in May 2014.

40. **Evidence**
   - Council Constitution, article 9
     http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
   - Delegated powers of Audit and Standards Committee.
   - Agendas and minutes of Audit and Standards Committee.
   - Review of the Council's Decision Making Structures (May 2014)

41**. Future**
- Continue to monitor the business of the Audit and Standards Committee.

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REQUIREMENT – ensure that those making decisions are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.

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42. All reports to decision-making bodies are required to include a formal justification for the proposed action to be taken, including explanations of technical matters.

43. The Council operates a system for ensuring that reports are included on agendas in a timely fashion and only after full consultation. Reports must be submitted to Democratic Services by the due date with a covering sheet, showing, among other things, who has been consulted.

44. **Evidence**
- Council Constitution, Article 14
  http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
- Council Protocol 3 – report formats and preparing reports.

45. **Future**
- No specific action but the effectiveness of these arrangements should be kept under review.

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REQUIREMENT – develop and maintain effective arrangements for determining the remuneration of senior staff.

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46. There is a pay structure for Service Directors which was established following job evaluation and market advice from an external consultant. It was introduced in April 2005.

47. The Council has a Contracts Committee, made up of the most senior councillors, which is responsible for appraisal, remuneration and contracts of service for senior managers.

48. **Evidence**
- Agenda and minutes of Contracts Committee (note – these are confidential).
- Pay structure for senior management as set out in the Council's pay policy statement which is required in accordance with Section 38(1) of the Localism Act 2011

49. **Future**
- The effectiveness of these arrangements should be kept under review.
- Annual review of the Council's pay policy statement.

50. Officers are required, when preparing reports, to consult the Strategic Director, Corporate Services and Governance and Strategic Director, Corporate Resources on the legal and financial implications of those reports respectively. The covering sheet for reports (paragraph 43) must state which officers have been consulted. The Council's standard format for Cabinet reports includes a standard paragraph on financial implications, which must be completed by a representative of the Strategic Director, Corporate Resources.

51. Chief Financial Officer future decision-making is supported by the Medium Term Financial Strategy (MTFS) and level and adequacy of reserves; considered as part of the annual refresh of the MTFS and as part of final accounts in accordance with CIPFA's Local Authority Accounting Practice Bulletin No. 99. In addition, budgeted use of reserves is managed and reviewed as part of the annual budget setting process.

52. **Evidence**
    - Council Constitution, Article 14
      http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
    - Council Protocol 3 – report formats and preparing reports.

53. **Future**
    - No specific action but the effectiveness of these arrangements should be kept under review.

54. Risk management is embedded into the culture of the Council, with councillors and managers at all levels recognising that risk management is part of their job. Risk management is closely aligned to the Council's strategic objectives with a clear focus on those significant risks that would prevent the Council achieving its key business objectives.

55. At Service level managers are able to identify and manage those operational risks that could inhibit the effective delivery of services to users.

56. The Council's risk management arrangements are sufficiently flexible to respond to the dynamic nature of its operating environment in terms of risks, which evolve due to changes in objectives and service delivery arrangements or in response to local issues or national policies.

57. The Council has approved a Corporate Risk Management Policy, which is subject to an annual review.

58. The Risk Management Policy includes the requirement to:

- identify strategic and operational risks
- assess the risks for likelihood and impact
- identify mitigating controls
- allocate responsibility for the mitigating controls.

59. The Council maintains and reviews a register of its business risks, linking them to strategic business objectives and assigning ownership for each risk. The risks identified from within partnerships and other joint working arrangements are identified both as part of this process and in the case of partnership risks, also identified within specific partnership risk registers. The risk register is supported by a series of Service risk registers that identify and assign the lower level operational risks.

60. The Audit and Standards Committee has specific responsibility included in its terms of reference to review the Council's arrangements both for corporate risk management and for reviewing the effectiveness of its system of internal controls, both financial and non-financial.
.

61. All reports for decision-making highlight the risk management implications of the proposal. Project initiation documents contain a full risk assessment and identify risk control measures that will mitigate any associated risk.

62. The Council's risk management process, which is underpinned by its Risk Management Policy, is reviewed comprehensively on an annual basis. Quarterly realignment reviews are also conducted to facilitate in-year development and adherence to best practice.

63. Corporate risk management awareness training is provided for all councillors with additional guidance provided, where appropriate, for councillors with specific responsibility for risk management, i.e. members of the Audit and Standards Committee. Training is delivered both via external risk management practitioners and in-house expertise.

64. As regards employees, risk management awareness is an integral part of the Council's Employee/Management Competency Framework. To this end a comprehensive employee training programme has been developed to facilitate dedicated training to Service Directors and other senior managers as well as to all other appropriate staff. Specific training programmes have also been developed for Service Risk Co-ordinators who act as local risk champions, business continuity planning and for managers engaged in partnership working on managing the inherent risks of such a delivery vehicle. Training is delivered via external risk management practitioners and in-house expertise.

65. The Audit and Standards Committee, as the responsible councillor committee, receive quarterly reports on risk management and take appropriate action to ensure that corporate business risks are being actively managed, reporting to Council as appropriate. The Audit and Standards Committee also receive the Annual Corporate Risk Management Report and agree the soundness of the Council's risk management arrangements as part of the Annual Governance Statement.

66. Under the Council's Constitution (Financial Regulation 16.1), the Strategic Director, Corporate Resources is the designated senior officer champion with the overall responsibility for embedding risk management throughout the Council.

67. **Evidence**
   - Corporate Risk Management Policy.
   - Audit and Standards Committee terms of reference.
   - Audit and Standards Committee agendas and minutes.
   - Risk Management Group agendas and minutes.
   - Strategic and Operational Risk Registers.
   - Business Continuity Plans.
   - Service Plans.
   - Training and development records.
   - Annual corporate risk management reports.
   - Reports for decision-making.
   - Project initiation documents.
   - Annual Governance Statement.

68. **Future**
   - Continue annual reviews of the Corporate Risk Management Policy.
   - Maintain and develop training for councillors and officers.

> **REQUIREMENT – actively recognise the limits of lawful activity placed on them by the ultra vires doctrine but also strive to utilise their powers to the full benefit of their communities.**

69. This is dealt with through the full and early involvement of the Strategic Director, Corporate Services and Governance and senior legal staff in all major council projects, so that they can identify any issues of vires but at the same time seek out practical and lawful solutions to the benefit of the community.

70. The Council's record in promoting and implementing imaginative regeneration and cultural projects suggests that it has been successful in addressing these issues.

71. **Evidence**
   - Council Constitution, Article 14
     http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf

72. **Future**
   - No specific action but the effectiveness of these arrangements should be kept under review.

> **REQUIREMENT – Observe all specific legislative requirements placed on them, as well as the requirements of general law, and in particular to integrate the key principles of administrative law – rationality, legality and natural justice – into their procedures and decision-making.**

73. As with the previous requirement, this is dealt with through the full and early involvement of the Strategic Director, Corporate Services and Governance and senior legal staff in all major issues, so that they can contribute their expertise in these matters.

74. **Evidence**
   - Council Constitution, Article 14
     http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf

75. **Future**
   - No specific action but the effectiveness of these arrangements should be kept under review.

> **REQUIREMENT – when working in partnership, put in place protocols for working together which include a shared understanding of respective roles and responsibilities of each organisation.**

76. The Council recognises the importance of ensuring each partnership in which it is involved has suitable governance arrangements which make clear each of the partner's respective roles and responsibilities. This applies to all forms of partnership working, with the complexity of each partnership's governance arrangements depending upon the nature of the relationship (e.g. pooling of resources will usually warrant more robust arrangements than a partnership based on information sharing and co-ordination of activity). The Council has developed a Partnerships Register, which documents all existing partnerships involving the Council and records (along with other information) the nature of their governance arrangements. The Register is kept under review and updated as appropriate.

77. **Evidence**
   - Partnerships Register.

78. **Future**
   - The register will continue to be reviewed annually and updates as appropriate.
   - The effectiveness of this arrangement should be kept under review.

> **REQUIREMENT – when working in partnership, ensure that there are robust procedures for scrutinising decisions and behaviour and that these decisions and behaviour are compliant with any local authority rules/codes or comply with any rules/codes developed for the purpose of that partnership.**

79. The Council's service planning process will meet this requirement by keeping under review the performance of each partnership in complying with the Council's policies and procedures, as well as effectively meeting its priorities. In accordance with the relevant Council Protocol, the Council's lead officer for each partnership will be responsible for the

Council's involvement in that partnership and in particular will ensure that all proposals, plans and strategies are reported to the Cabinet and Council, as necessary, for approval. Lead officers must keep full records of all persons attending, issues discussed and decisions made at partnership meetings, and should brief senior officers on partnership activities as necessary (including compliance with policies and procedures). Officers are required to bring to the attention of senior officers any issues, which might have significant implications for the Council.

80. **Evidence**
   - Service Planning process.
   - Council Protocol 15 – Partnership Working.

81. **Future**
   - The effectiveness of these arrangements should be kept under review.

> **REQUIREMENT – when working in partnership, ensure that partnership papers are easily accessible and meetings are held in public unless there are good reasons for confidentiality. The partners must ensure that:**
>
> - **The partnership receives good quality advice and support and information about the views of citizens and stakeholders, so that robust and well-reasoned decisions are made.**
> - **Risk is managed at a corporate and operational level.**

82. In relation to Gateshead Strategic Partnership (GSP), all agendas and minutes are published on the Council's website. Meetings are not open to the public. This is in accordance with the operational arrangements agreed by the GSP.

83. As stated above, each partnership has a Council lead officer who will, where the Council is the lead partner, ensure that the partnership receives good quality advice and support from the Council, and receives appropriate information on the views of citizens and stakeholders. Where another organisation is the lead partner, the lead officer will seek to ensure that the lead partner provides a similar level of advice, support and information; and where any lack of such support is at risk of impacting upon the partnership's performance, the lead officer will raise this with senior officers so that it can be discussed with the lead partner at the appropriate level.

84. As regards risk management, the Council's Corporate Risk Management Policy ensures that risk within all partnership working is managed at a corporate and operational level, by requiring clear reporting procedures and regular risk reviews.

85. **Evidence**
   - Gateshead Council Corporate Risk Management Policy.

86. **Future**
   - The effectiveness of these arrangements should be kept under review.

Local Code of Governance

Section 5 - Developing the capacity and capability of councillors to be effective and ensuring that officers – including the statutory officers - also have the capability and capacity to deliver effectively.

REQUIREMENT – Making sure that councillors and officers have the skills, knowledge, experience and resources they need to perform well in their roles.

1. The Council is committed to ensuring that its councillors and employees have opportunities to continuously adapt to improve service delivery, and to meet the challenges and changes faced in line with external drivers.

2. A Councillor Engagement and Development Framework had been developed to ensure that councillors have the knowledge and skills to carry out their role effectively, to represent their wards and the Council and contribute to internal and external forums.

3. To support the Council's strategic priorities, there will be a process for identifying learning and development needs at all levels
   - Individual.
   - Role specific/constitutional.
   - Corporate.

4. The Councillor Support and Development Group ensures that the effectiveness of training for councillors is reviewed regularly and training needs can be discussed with officers.

5. Every councillor is given the opportunity to have an individual development interview to help them complete a personal development plan (PDP), which enables them to focus their development requirements based on their existing skills and experience levels, as well as looking at specific roles within the Council eg chair or vice chair of a committee or decision making committee.

6. Role descriptors have been drawn up for all councillors' roles to ensure that councillors are aware of what is expected of them, and these can be also referred to within their PDP meeting.

7. Appraisal and Development (A&D) is the name of Gateshead Council's appraisal scheme. All employees have an annual A&D interview with a six monthly follow up. It is a review and planning process where managers and employees get together to discuss past performance and plan for the future and everyone gets feedback on how they are doing, understands how their work is linked to the objectives of the Council, and receives the right guidance, support and development. Training needs for the next 12 months are specifically discussed.

8. **Evidence**
   - The A&D scheme.
   - The Learning and Development Policy.
   - Councillors' Personal Development Plan.
   - Councillors' Support and Development Group.
   - Councillor Engagement and Development Framework.
   - Councillors' Role Descriptors.

9. **Future**
   - Continue to review councillors' training needs on a regular basis.
   - Review A&D scheme in 2016.

REQUIREMENT – Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority.

10. There are three statutory officers within the Council, the Head of Paid Service (Chief Executive), the Monitoring Officer (Strategic Director, Corporate Services and Governance) and the Chief Finance Officer (Strategic Director, Corporate Resources).

11. All three officers would be expected, on appointment, to hold relevant professional qualifications and have substantial local government experience but are given further development through seminars and conferences organised by their respective professional bodies. The roles are understood at certain levels of employees within the Council and form part of management training. Action is undertaken to give wider knowledge throughout the Council through articles in the Team Brief, the corporate briefing sessions and as part of the corporate induction process.

12. **Evidence**
   - Council Constitution – Article 13
     http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
   - Protocol on Role of the Monitoring Officer.

13. **Future**
   - Continue to develop proposals for ensuring that the roles of the statutory officers are more widely understood.

REQUIREMENT – Provide induction programmes tailored to individual needs and opportunities for councillors and officers to update their knowledge on a regular basis.

14. All new councillors are offered an induction programme. It is a series of modules that take place in the weeks following election and is intended to help councillors:
   - find out their basic rights and responsibilities,
   - start the process of learning about the Council,
   - establish their learning and development needs to inform their future development and influence the range of activities that are offered.

15. The induction programme contains a range of information including:
    - How the Council works;
    - Ethics and Probity;
    - Race;
    - Equalities and Diversity;
    - Health and Safety;
    - Local Government Finance;
    - Meeting senior management;
    - Participation on panels and committees;
    - Details of allowances and expenses;
    - IT requirements.

16. All councillors are required to attend the following training, at least once during their term:

    - Ethics, probity and Code of Conduct
    - Training relating to committee membership
    - Equalities
    - Children's and Adults Safeguarding

17. Councillors also have the opportunity to update their knowledge by attending in house seminars and training, as well as external conferences and courses relevant to their needs and positions of responsibility within the Council.

18. The Council's induction programme applies to all employees newly appointed to a vacant position. This includes external appointments and existing employees changing jobs within the organisation. It is the responsibility the employee's line manager to plan and organise a programme that will introduce the employee in a relevant way to their immediate working environment and their job including colleagues, expectations of conduct and performance. The "Manager's Guide to Induction" is available to assist in this process.

19. Officers' needs to update their knowledge are discussed as part of the A&D process. These needs are met through a mixture of in-house and external training.

20. **Evidence**
    - Induction programme for Councillors.
    - The Managers Guide to Induction.

21. **Future**
    - Continue to review the councillor induction process.
    - Continue to review the corporate induction.

> **REQUIREMENT – Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.**

22. A wide range of methods is used to meet learning and development needs for individuals and groups using both internal and external resources. Internal methods include:
    - access to Intranet
    - e-learning
    - training courses
    - mentoring
    - briefing sessions
    - briefing notes
    - seminars

    The above methods provide up-to-date information on a variety of issues, including new legislation, policies and procedures.

23. External methods include:
    - national leadership programmes,
    - peer support/councillor mentoring,
    - focussed visits,
    - workshops,
    - regional and national training courses,
    - seminars and conferences.

24. The Council achieved the North East Charter for Elected Member Development which ensures the embedding of good practice, stakeholder involvement, and further focus councillor training and development activity. The Councillors' Support and Development Group plays an important role in identifying councillors training needs and meets on a quarterly basis.

25. The Council has a Learning and Development Framework that ensures that employees at every level are equipped with the skills and competencies required to perform effectively in their role and deliver effective services.

26. Employees of the council have their needs identified through A&D and the service planning process. Needs are met in a variety of ways which are outlined in the Learning and Development Guide. These include
    - leadership development,
    - management development programmes,
    - training courses,
    - qualification training,
    - workshops,
    - e-learning packages,
    - seminars and conferences.

27. With regard to training for scrutiny, both councillors and officers participate in courses arranged by NEREO and other internal and external courses. The Council is a member

of the NEREO Scrutiny Network and is therefore well placed to take advantage of these training opportunities.

28. **Evidence**
   - Learning and Development Framework.
   - Learning and Development Guide for Employees.
   - A&D.

29. **Future**
   - Continue to review councillors training needs.

REQUIREMENT – Put in place arrangements for reviewing performance of the executive as a whole and of individual councillors and agreeing an action plan, which might for example aim to address any training or development needs.

30. There is no formal process for reviewing the performance of Cabinet members but there is the opportunity for individuals to identify development needs as set out above. Role descriptors have been agreed for all councillors' roles.

31. **Evidence**
   - There is a system for appraising Strategy Group and Service Directors based on the corporate A&D process which is subject to review. Other managers are appraised as part of the A&D process.
   - Councillors' Personal Development Plans.

32. **Future**
   - Keep role descriptors under review.
   - Keep A&D process under review.

REQUIREMENT – Put in place effective arrangements designed to encourage individuals from all sectors of the community to engage with, contribute to and participate in the work of the authority.

33. The Council has established four Partnership Boards and developed approaches to area and neighbourhood working that encourage the involvement of all sectors of the community by ensuring councillors' community leadership role.

34. The Council also actively encouraged other groups such as the Gateshead Youth Assembly and the Gateshead Older People's Assembly, to become established and to engage with the Council on a wide range of issues.

35. The membership of the Diversity Forum has increased in recent years reflecting the diverse communities in Gateshead.

36. **Evidence**
   - Terms of reference of Partnerships.
   - Neighbourhood Plans

37. **Future**
   - Keep arrangements under review to ensure their effectiveness.

- Implement findings of areas and neighbourhoods review.

REQUIREMENT – Consider career structures for councillors and officers to encourage participation and development.

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38. There are no specific career structures for councillors at present. However, a set of role descriptors have been developed for councillors, which, along with PDPs, assist in identifying development needs and encourage participation in development events.

39. For some officers there are career structures but only up to a certain level. Senior and middle managers are developed through specific development programmes, PSA master classes, coaching and mentoring schemes. Succession planning and talent management strategies continue to be developed.

40. **Evidence**
    - Appraisal and Development.
    - Learning and Development Framework.
    - Councillors' Personal Development Plans.

41. **Future**
    - Continue to review councillors' role descriptors as required.
    - Continue to develop succession planning and talent management strategies.

REQUIRED – When working in partnerships, ensure that partners individually, and the partnerships collectively, share responsibility for appointing people to the partnerships who have the required skills and are at an appropriate level.

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42. **Section 2, Paragraphs 28-31,** of this Local Code of Governance sets out how the Council will take steps to facilitate effective partnership working. The Gateshead Strategic Partnership carried out an audit, which included capacity and learning issues. Since then, individual partners have carried out self-assessments and produced learning and development plans.

    Findings from the 2011 review of partnership working highlighted the need for streamlined partnership structures which maximised the role and capacity of organisational representatives.

43. **Evidence**
    - Council Plan 2015-2020.
    - Gateshead's Sustainable Communities Strategy "Vision 2030".
    - Council Constitution
      http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf

44. **Future**
    - Respond to learning and development needs through the implementation of revised partnership structures.

Local Code of Governance

Section 6 - Engaging with local people and other stakeholders to ensure robust local public accountability.

REQUIREMENT – Make clear to themselves, all staff and the community, to whom they are accountable and for what.

1. The Council's vision (shared by the GSP), priorities and values are articulated in the Council Plan. Performance against the priorities is reported at six monthly intervals to Overview and Scrutiny Committees and to Cabinet.

2. The Council Plan 2015-2020 identifies the Council's values which define how we work as a Council and help to inform important decisions and choices:
   INTEGRITY
   We will always work with integrity – demonstrating fairness and respect every day and in every way
   INCLUSIVE
   We will be inclusive – ONE COUNCIL working together and engaging people to get better results and ensure equality of opportunity
   INSPIRATIONAL
   We will be inspirational – thinking creatively, being dynamic and motivating and empowering everyone to do the things that make a real difference for the people of Gateshead.

3. The Service Charter sets out the Council's commitments for the services delivered and the standards expected.

4. We must ensure we consider institutional stakeholders, recognising who they are accountable to and assess the effectiveness of the relationships and any changes that may be required.

5. **Evidence**
   - Council Plan 2015-2020.
   - Annual Report.
   - Local Decision Making and Voting Charter.

6. **Future**
   - Keep under review.

REQUIREMENT – Establish clear channels of communication with all sections of the community and other stakeholders and put in place monitoring arrangements to ensure that they operate effectively.

7. The Council has a strategy to develop quality communications (communications which are fit for the intended purpose) with all of its stakeholder groups, the public, service

users, councillors, employees, trade unions and other statutory and independent agencies (including press and media and all specialist and external groups within these categories). Improving its communications will make the Council better able to inform and involve its stakeholder groups, target its resources, be responsive, carry out its statutory functions and duties effectively, and be clear and accountable in its decision-making.

8. **Evidence**
   - Communications policy statement.
   - Communications strategy and action plan.
   - Protocol for Communicating and Consulting with Councillors.
   - Media Training has taken place with senior councillors and officers.

9. **Future**
   - Take forward the actions identified in the Communications Strategy Action Plan.
   - Strengthen communications planning across the Council by a detailed annual communications plan.

REQUIREMENT – Put in place arrangements to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.

10. The Council is pro-active in its approach to community engagement. Our aim is to ensure all local people are well informed about the Council; actively involved in service planning and development, and able to influence what happens in their local area.

11. When the Council is consulting with residents and other stakeholders we will, whenever possible:
    - Make it clear what the consultation is about and why we are seeking views.
    - Choose the most appropriate method(s) of consultation for the intended audience.
    - Raise awareness of consultations in the most effective way, make it as easy as possible to take part and ensure that we provide enough time and information for people to give their views.
    - Consult at a time when proposals are still at a formative stage so views can be listened to and considered before making decisions. *
    - Carefully analyse consultation responses so that results are accurate and reliable
    - Publish consultation results and provide feedback on any decisions taken or next steps.
    - Monitor and evaluate the effectiveness of our consultations so that we can continue to improve.
    - Work in a co-ordinated and joined up way within the council and with our partners to ensure that consultations are carried out in the best way possible.

12. It is the role of councillors to make decisions. These are based on a number of factors including results from consultations, government legislation or guidance, the needs of different groups now and in the future and the Council's available budget..

13. As well as consulting with residents on specific issues, we work in partnership to carry out longer term engagement. This involves working closely with communities to ensure that they are empowered, supported and developed to be involved in decisions that affect their lives. The Gateshead Communities Together Strategy – 'Nothing about the community without the community' sets out how the Council and partners work together to achieve this.

14. The success of the Council's Customer Service Strategy has been key to how we communicate and ensure customer focus.

15. **Evidence**
   - The Council's Consultation Principles.
   - The Gateshead Communities Together Strategy.
   - Viewpoint Panel.
   - Residents' Survey.
   - Customer Service Strategy

16. **Future**
   - Continue to monitor the effectiveness of the arrangements.
   - Refresh of Gateshead Communities Together Strategy

REQUIREMENT – Establish a clear policy on the types of issues they will meaningfully consult or engage with the public and service users including a feedback mechanism for those consulted.

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17. The Council aims to consult and engage local people to seek their views on proposed changes to council services, plans, policies and other important decisions that affect their lives.

18. The Council's approach to consultation is set out in our Consultation Principles **(see section 6, paragraph 11)**. This ensures that consultation is undertaken in a consistent and meaningful way. .

19. The Council's ethos of openness and accountability leads to a number of issues being consulted on in a co-ordinated way. The Council Budget and Priorities are regularly consulted upon and innovative approaches are used to consult on local issues to form Neighbourhood Plans. Consultation is an integral part of any project plan, large or small, such as the Town Centre or resident parking schemes.

20. The Council's consultation principles complement and support the role that councillors have within communities, ensuring that individual and community views on specific issues help inform Council decisions. Effective consultation can help councillors achieve a greater understanding of the views of the residents they represent, on a wide range of issues. This in turn can help them to decide how to respond to conflicting views of consultees. It is the councillors' role to take into account the views of residents along with other factors such as resources, statutory requirements and the views of partner organisations when facing decision making situations.

21. There is an ongoing programme of consultation and engagement which includes:

- "Viewpoint" - the Council's Residents Panel, where residents tell us what they think about Council services and issues that affect them and their local area. This is carried out using a combination of online surveys and discussion groups.
- residents surveys collect and monitor trends in residents' perception and satisfaction,
- specific forums for user groups e.g. tenants, business and diversity,
- reviews of services, including Scrutiny – with consultation a key component,
- surveys in Council News, the Council's newsletter, reaching 88,000 households
- Council's online consultation system – providing access to current and past consultations on the Council's website. This includes the ability to sign up to receive consultation email 'alerts'.

22. Feedback includes articles in Council News, press releases and individual feedback through forums and existing mechanisms such as the Council's website. The corporate consultation system provides a standard consultation feedback template to provide easy access to feedback from past consultations.

23**. Evidence**
- The Council Plan 2015-2020.
- The Council's Consultation Principles.

24. **Future**
- Continue to review the Council's approach to consultation and communication with hard to reach groups.
- Further development of the corporate consultation system and expansion of the Viewpoint Residents Panel.

REQUIREMENT - Put in place effective systems to protect the rights of staff. Ensure that policies for whistle blowing which are accessible to staff and those contracting with the authority, and arrangements for the support of whistleblowers, are in place.

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25. The Council has an agreed Workforce Strategy which aims to ensure that it has an engaged and empowered workforce, equipped with skills and knowledge to deliver the best possible outcomes for our customers and confident in the responsibilities they have.

26. The Council is determined to ensure that its employees provide the best levels of service and act properly. The whistleblowing policy gives employees the chance to draw attention to concerns about wrong or unacceptable practice. **See also section 4, paragraphs 16 to 19.**

27. **Evidence**
- The Workforce Strategy (approved by Council in July 2015).
- The Whistleblowing Policy.
- The Bullying and Harassment Policy.

28. **Future**
- Continue to review the effectiveness of the code, policy and strategy.

REQUIREMENT – Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.

29. Engaging with employees at all levels and consulting them over key decisions promotes innovation and joint problem solving and encourages people to embrace change. To support this, the Council aims to modernise and improve employee relations, structures and processes and work in close partnership with Trade Unions. Whilst addressing employee relations through traditional consultative bodies and formal working groups has been largely successful, this approach needs to be modernised and streamlined.

30. We will evaluate our progress in achieving the vision and strategic aims through regular 'health checks' with our customers and users and employee attitude surveys.

31. **Evidence**
   - Council's Constitution – Article 14 Decision Making
     http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
   - Workforce Strategy (approved by Council in July 2015).
   - Employee attitude survey.
   - Team briefs.

32. **Future**
   - Keep arrangements under review.

REQUIREMENT – Produce an annual report on scrutiny function activity.

33. Update reports are considered at Overview and Scrutiny Committees every six months detailing the impact of scrutiny reviews.

34. An annual report on the work of all non-executive committees, including the scrutiny committees, is prepared and circulated to all councillors. The work of the Overview and Scrutiny function also feeds into the Council's Annual report.

35. **Evidence**
   - Six monthly updates to Overview and Scrutiny Committees and Cabinet.
   - Article 6 of the Council Constitution
     http://www.gateshead.gov.uk/DocumentLibrary/council/strategy/Constitution/Constitution.pdf
   - Annual report on the work of the non-executive committees.

36. **Future**
   - Review arrangements for the content and publication of the annual report on the work of non-executive committees.

> **REQUIREMENT - Ensure that the authority as a whole is open and accessible to the community, service users and its staff and sure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.**

37. Citizens have a number of rights in their dealings with the Council. These are set out in more detail in Article 3. Some of these are legal rights, whilst others depend on the Council's own processes.
    Citizens have the right to:
    - vote at local elections if they are registered;
    - contact their local councillor about any matters of concern to them;
    - obtain a copy of the Constitution;
    - attend meetings of the Council, Council committees and decision-making meetings of the Cabinet except where personal or confidential matters are being discussed;
    - petition to request a referendum on a mayoral form of executive;
    - participate in the Council's question time and present petitions to the Council meeting;
    - find out, from the Cabinet's schedule of decisions, what major decisions are to be discussed by the Cabinet or decided by the Cabinet or officers, and when;
    - see reports and background papers, and records of decisions made by the Council, its committees and the Cabinet, subject to rules on disclosure of personal or confidential information;
    - access recorded information held by the Council under the terms of the Freedom of Information Act 2000;
    - take the matter up through the Council's complaints procedure if they are dissatisfied with the standard of service provided by the Council or with the actions (or lack of action) of the Council or its employees;
    - complain to the Ombudsman if they think the Council has not followed its procedures properly. However, they should only do this after using the Council's own complaints procedure;
    - complain to the Monitoring Officer if they have evidence which they think shows that a Councillor has not followed the Council's Code of Conduct; and
    - inspect the Council's accounts, ask the Council's external auditor questions about the accounts and make objections to the accounts in accordance with the law.

38. Ensure that the Council complies with its obligations under the Freedom of Information Act. The Council has appointed an Information Rights Officer and has designated information champions within each group of services. An annual report on performance in dealing with FOI requests is submitted to the Corporate Resources Overview and Scrutiny Committee.

39. Democratic Services employees are trained and experienced in the legal requirements regarding access to committee papers and in practice reports are only excluded from the public part of Cabinet/Committee agendas when there is an overriding requirement for confidentiality.

40. The Council's vision for customer service is:

- a resident of Gateshead can access Council services by telephone or internet up to 24 hours a day, 7 days a week. He or she can also visit one of a small number of customer service centres.
- the service is consistent, co-ordinated and proactive. Customer Service employees will be able to identify if the customer needs extra help or advice, will help sort out problems and take personal responsibility for them.

41. The Council has followed the key principles of transparency set out in the Code of Recommended Practice for Local Authorities on Data Transparency since January 2012, as shown on the finance section of the Council's website.

42. **Evidence**
- Access to Information rules.
- Freedom of Information Act statement.
- Data protection statement.
- Budget and policy framework rules.
- Customer Service Strategy.
- Finance section of the Council's website.

43. **Future**
- Continue to develop access to services.

> **REQUIREMENT - When working in partnership, ensure that engagement and consultation undertaken by the partnership is planned with regard to methodology, target audience and required outcomes. Existing mechanisms and groups should be used where appropriate. In the work cycle of the partnership it must be clear and demonstrable to the public what has happened to any feedback and what has changed as a result.**

44. The Council works in partnership to carry out longer term engagement. This involves working closely with communities to ensure that they are empowered, supported and developed to be involved in decisions that affect their lives. The Gateshead Communities Together Strategy – 'Nothing about the community without the community' sets out how the Council and partners work together to achieve this. This strategy shares a commitment to the Council's consultation principles **(see section 6, paragraph 11)**.

45. The Council, with its partners, is continuing to develop systems for accessing and sharing data and intelligence. This includes the Council's consultation system, enabling better management and coordination of consultation activity, new and innovative ways of involving local people and more robust feedback mechanisms.

46. **Evidence**
- The Council's Consultation Principles.
- The Gateshead Communities Together Strategy.
- Guide to working in partnership.
- Implementation of the corporate consultation system.
- Consultation programme around the development of the Sustainable Community Strategy "Vision 2030".

47. **Future**
- Further development of the corporate consultation system involving Council services and partners of the GSP.
- Refresh of the Gateshead Communities Together Strategy

Gateshead Council

TITLE OF REPORT: Internal Audit Update

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1   This report provides an update to the Committee on activity undertaken by the Internal Audit and Risk Service.

Background

2   The Strategic Director, Corporate Resources is delegated with the authority to maintain an adequate and effective system of internal audit as set out in the Council's Constitution. The terms of reference for the Internal Audit Service are included in the Council's Financial Regulations and the Audit Charter provides a further level of detail in this area.

Governance

3   Over the summer, the CIPFA/Solace Joint Working Group consulted on the Delivering Good Governance in Local Government framework. The framework defines the principles that should underpin the governance of local authorities and provides a structure to assist with their local approach to governance. As reported to committee on 5 October 2015, the Council responded to this consultation.

4   The Framework is now being drafted to take account of respondents' views and a revised code will be published in April 2016 and will be applicable to the financial year 2016/17.

5 The guidance will be based on two overarching principles defining 'how things should be done', with five further principles defining 'what should be done'.

Principles
Acting in the public interest requires a commitment to and effective arrangements for:
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B. Ensuring openness and comprehensive stakeholder engagement
In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
D. Determining the interventions necessary to optimise the achievement of the intended outcomes
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
F. Managing risks and performance through robust internal control and strong public financial management
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

6 Once the guidance is published, the Local Code of Governance will be refreshed and aligned to the new principles and reported to a future committee for approval.

Public Sector Internal Audit Standards

7   The Public Sector Internal Audit Standards have been in place since April 2013. They are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF).

8   In 2015 the IIA introduced two mandatory elements to the PPF; a Mission and a set of ten Core Principles for the professional practice of internal auditing:

- Mission: *To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.*

- Principles:
    o Demonstrates integrity;
    o Demonstrates competence and due professional care;
    o Is objective and free from undue influence (independent);
    o Aligns with the strategies, objectives and risks of the organisation;
    o Is appropriately positioned and adequately resourced;
    o Demonstrates quality and continuous improvement;
    o Communicates effectively;
    o Provides risk-based assurance;
    o Is insightful, proactive and future-focused; and
    o Promotes organisational improvement.

9   The Internal Audit Standards Advisory Board (IASAB) is intending to consult internal audit functions in the public sector to ask whether there are any fundamental reasons why these two new elements should not be part of PSIAS from 1 April this year.

10   One important reason for incorporating them is to eliminate the inconsistency for IIA members in the UK public sector, who are now effectively working to two sets of standards. In addition, incorporation will prevent the PSIAS from going out of date.

11   The Council's response to the consultation will be the subject of a future committee report.

Progress against Public Sector Internal Audit Standards (PSIAS) Actions

12 Internal Audit were assessed for compliance with the UK Public Sector Internal Audit Standards (PSIAS) by Mazars, the Council's external auditors, during 2014. As reported to the Audit and Standards committee on 26 January 2015, the result of the assessment was positive, with the Internal Audit Service being assessed as substantially compliant. The assessment identified three areas for improvement. The areas identified for improvement and the progress against the actions are shown below:

Findings	Action
Consider presenting the Internal Audit Charter to senior management.	Refresh of charter presented to SMG Services & Performance 28 October 2015
Consider including the Chief Executive in the performance appraisal of the Chief Internal Auditor	To be considered at next Appraisal and Development of Chief Internal Auditor
Action is required to ensure that Internal Audit recommendations are implemented more promptly and accountability increased for non-implementation of recommendations – particularly in schools where performance is significantly below target.	- Revised approach reported to SMG Services and Performance 18 March 2015 - Revised approach agreed by Audit & Standards Committee 20 April 2015 - Internal Audit Charter refresh in October 2015 changed management response from "reasonable timescale" to "by agreed date" - Monthly reports are now produced and shared with Business Partners - Performance against the target of 90% has seen a significant improvement. - Performance against "high" and "medium" recommendations is now reported separately. - Additional information to be added to committee reports to show "due date" for those recommendations not yet due

Counter Fraud

13 Compliance with Public Sector Internal Audit Standards (PSIAS) outline that the Internal Audit Service must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.

Fraud bulletin

14 A number of bulletins to raise counter fraud awareness were issued in December 2015 including:

- Members briefing 01/12/15
- Council email news 10/12/15
- Team brief 08/12/15

15 Further information is available on the Council's intranet site at http://council/ict/fraud.html and the Internal Audit SharePoint site at http://sharepoint/fmgmt/iass/default.aspx.

16 The Council is a member of the National Anti-fraud Network (NAFN) and receives regular intelligence bulletins from NAFN which are circulated to relevant officers.

CIPFA Fraud and Corruption Tracker

17 The CIPFA Counter Fraud Centre carries out an annual survey of fraud and corruption detected in local authorities. Called the CIPFA Fraud and Corruption Tracker (CFaCT), it is similar to the former Protecting the Public Purse survey delivered by the Audit Commission.

18 The survey examines:

- Levels of fraud and corruption detected across the public sector in the 2014/15 financial year
- Number of investigations undertaken
- Types of fraud encountered
- Emerging Trends

19 The 2015 summary report is attached at Appendix A. There is an option to receive an individual organisation profile to examine how the Council benchmarks against other organisations which will be provided in a future committee report.

CIPFA Counter Fraud and Corruption Toolkit

20 The CIPFA Code of Practice on Counter Fraud and Corruption toolkit is currently being used to ascertain that the Council meets the best practice principles outlined in the Code.

21 The Code of Practice outlines five key areas:

- **Acknowledge responsibility**
  The governing body should acknowledge its responsibility for ensuring that risks associated with fraud and corruption are managed effectively across all parts of the organisation.

- **Identify risks**
  Fraud risk identification is essential to understand specific exposure to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.

- **Develop a strategy**
  An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibility for action.

- **Provide resources**
  The organisation should make arrangements for appropriate resources to support the counter fraud strategy.

- **Take action**
  The organisation should put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.

22 Assessment using the toolkit will enable the Council to:

- Evaluate performance against best practice
- Generate reports and graphs to illustrate performance against the code
- View examples of good practice to help inform assessment
- Record comments and actions for improvement providing a robust evidence base for assessment
- Share and track progress
- An option to benchmark against other authorities
- Support the evidence for the Annual Governance Statement and inform development plans

23 The outcome of the assessment will be the subject of a future committee report and will form part of the evidence base for the production of the Annual Governance Statement for 2015/16. As part of the outcome, the Council's Counter Fraud and Corruption Policy will be reviewed.

National Fraud Initiative (NFI)

24 Work continues on the NFI data matching results released in February 2015. Progress will be monitored and reported to the Committee as appropriate.

25 The review of the Council Tax Single Person Discount (SPD) has resulted in the discount being removed totalling £269,872 for residents who have responded to the review. Of this £180,418 has been collected. For non-responders, discounts totalling £241,826 have been cancelled of which £126,188 has been collected. In addition, discounts totalling £71,935 have been cancelled in relation to smart referrals. These are when responders have replied stating they are still due to the discount but subsequent checks revealed that the discount is not due. Of this figure £21,858 has been collected.

26 In summary, SPD discounts totalling £583,633 have been removed of which £328,464 has been collected.

27 Results from other NFI data matches such as Housing Benefit, Payroll and pensions, housing tenancy, blue badges, insurance, creditors and personal budgets will be the subject of a future committee report.

Recommendation
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28 It is recommended that the Committee note the contents of this report.

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CIPFA

The Chartered Institute of
Public Finance & Accountancy

\fraud and corruption tracker

Summary Report 2015

CIPFA **COUNTER FRAUD** CENTRE

Contents

Page 184

Foreword

Various reports and publications have been written over the years aiming to help local councils and other organisations in the fight against fraud. These reports promoted awareness of similar frauds happening in other organisations and assisted local authorities in comparing themselves and their responsiveness to other organisations facing the same fraud threats and risks.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has been commended by the National Audit Office (NAO), National Crime Agency (NCA) and Local Government Association (LGA) for producing this report, incorporating all public sector regions to provide a truly national, up-to-date overview of all fraud, bribery and corruption activity throughout the public sector in the UK.

This fantastic achievement of the first voluntary survey run by the CIPFA Counter Fraud Centre in 2015 will appeal not only to local authorities and councils, but also to other areas of the public sector, including health and the emergency services.

The CIPFA Counter Fraud Centre

The CIPFA Counter Fraud Centre (CCFC), launched in July 2014, was created to fill the considerable gap in the UK counter fraud arena following the closure of the National Fraud Authority (NFA) and the Audit Commission, and the subsequent transfer of benefit investigations to the Single Fraud Investigation Service (SFIS), run by the Department for Work and Pensions (DWP).

The CCFC leads and co-ordinates the fight against fraud and corruption across public services in providing a one-stop-shop for thought leadership, counter fraud tools, resources and training.

Introduction

This report, based on the findings from the CIPFA Fraud and Corruption Tracker (CFaCT) survey, identifies and accurately focuses on the trends of well-defined frauds. CIPFA has applied care and diligence to create this picture of fraudulent activity across the UK's public sector, establishing the differences between similar frauds happening in the same categorisation.

Within the housing fraud category, for example there is a difference between 'right to buy' fraud and a tenant illegally subletting their property, additionally there are instances where cases in these areas could cross over. CIPFA has addressed fraud figures as a whole, instead of trying to break figures down into minutiae.

The CFaCT survey also assessed all authorities on the themes in Fighting Fraud Locally (FFL), England's counter fraud and corruption strategy. This aims to help local councils tackle fraud and corruption and ultimately prevent losses, although the strategy is also applicable across the wider sector. The FFL Board also encouraged specific questions to be included in the CFaCT survey to help measure the effectiveness of the initiatives in the strategy. The suggestions in this report, therefore, reflect, endorse and illustrate the long term agreement between the FFL Board and CIPFA.

Fraud is an ongoing problem. It is important to know the extent of the problem and also to praise local authorities whose activity to tackle fraud has resulted in particularly successful results.

This report covers a host of public sector organisations, including local authorities, fire authorities, waste disposal authorities and the police. It focuses on common fraud types for all organisations and also on specific areas for local authorities.

Fraud often knows no limit or boundary and thus it is CIPFA's intention to better equip public sector organisations in the future, through widening the scope of the survey to assist agencies locally and inform the national picture.

As recommended in the *UK Anti-Corruption Plan,* the CCFC has also developed close relationships with the National Crime Agency, the Home Office, and the City of London Police. The survey also contains questions pertinent in informing future work in this area.

The CFaCT survey had an even spread of results from across all regions, the lowest of which was in the East Midlands, while the tier responses, summarised below, show the highest response rate in London and the lowest in districts. Due to the wide group of respondents CIPFA has not extrapolated the data, in particular in areas where there may be geographical bias. For example, 'no resource to public funds' fraud had a high prevalence in the southern authority results returned, with a 100% return for London local authorities.

The highest results of fraud risks were in the generic areas pertinent to all organisations, in particular procurement fraud, abuse of position and debt fraud. There were also high figures for local authority specific areas in social care, business rates and housing tenancy fraud.

Below are the tier response rates for the CIPFA Fraud and Corruption Tracker survey

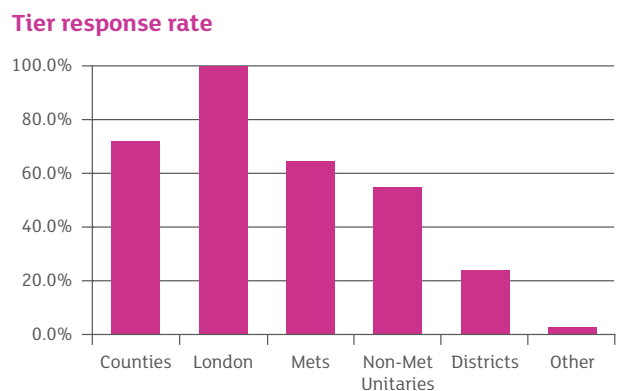| Tier	
Counties	70.4%
London authorities	100%
Metropolitan unitaries	63.9%
Unitary (non-met) authorities	55.4%
Districts	23.4%
Other authorities	2.1%

Figure 1.1

Tier response rate

Figure 1.2

Reported types of fraud

The following indicate the types of fraud reported along with numbers of cases, values and percentages of the total reported. Where possible we have produced a national estimate.
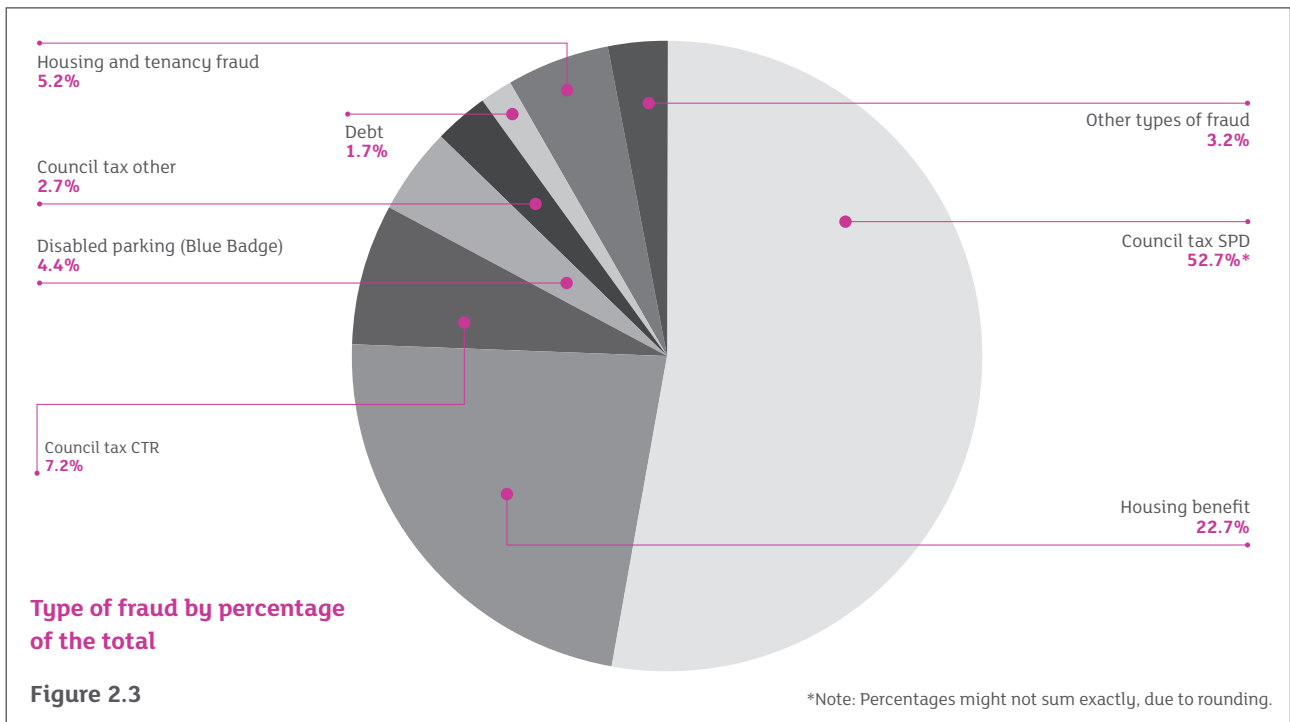
Types of fraud	Fraud cases	% of the total	Value £m
Council tax SPD	30,184	52.7%	£10.7m
Housing benefit	12,989	22.7%	£56.9m
Council tax CTR	4,142	7.2%	£2.0m
Housing and tenancy fraud	3,002	5.2%	£77.5m
Disabled parking concession (Blue Badge)	2,545	4.4%	£1.0m
Council tax other	1,556	2.7%	£1.4m
Debt	997	1.7%	£0.5m
Other types of fraud (see table below)	1,829	3.2%	£21.0m
Total	**57,244**	**100%***	**£171m**

Figure 2.1

Other types of fraud	Fraud cases	% of the total	Value £m
Social care	287	0.5%	£2.0m
Abuse of position	155	0.27%	£2.0m
Payroll	137	0.24%	£0.3m
Insurance	133	0.23%	£2.6m
Welfare assistance	104	0.18%	£1.6m
Business rates	102	0.18%	£0.8m
Procurement	60	0.10%	£2.2m
Recruitment	58	0.10%	£0.2m
Expenses	56	0.10%	£0.1m
Economic and voluntary sector	28	0.05%	£1.1m
Manipulation of data	24	0.04%	N/A
Pensions	20	0.03%	£0.2m
Investment	11	0.02%	£0.0m
Other fraud	654	1.14%	£7.8m

Figure 2.2

*Note: Percentages might not sum exactly, due to rounding.

Housing and tenancy fraud
5.2%

Debt
1.7%

Council tax other
2.7%

Disabled parking (Blue Badge)
4.4%

Council tax CTR
7.2%

Other types of fraud
3.2%

Council tax SPD
52.7%*

Housing benefit
22.7%

Type of fraud by percentage of the total

Figure 2.3

*Note: Percentages might not sum exactly, due to rounding.

Main types of fraud

Council tax

This includes council tax single person discount (SPD) fraud, council tax reduction (CTR) support and other types of council tax fraud. These represent the highest number of cases of fraud reported by councils, who detected 30,184 of SPD cases totalling £10.7m, 4,142 of CTR cases totalling £2.0m and 1,556 of other types of fraud totalling £1.4m.

Housing benefit

This includes all actions that have been done deliberately and dishonestly to obtain money and financial support, for example depreciation of capital, hidden income, or non-notification of a relevant change in circumstance which may result in a change of payment. The actual number of cases detected was 12,989 cases totalling £56.9m.

Housing and tenancy fraud

This includes subletting, abandonment, housing application fraud, succession and right to buy fraud. In this category the highest number of cases reported was in subletting, followed by a mixture of housing fraud types. 'Right to buy' was the lowest in this category but was listed as an emerging risk by many councils. There were 3,002 cases (estimated nationally at 3,670 cases) with a value of over £77.5m.

Disabled parking (Blue Badge)

This covers all types of parking fraud under the Blue Badge scheme. The number of cases reported here was 2,545 with a value of £1.0m.

Debt

This includes fraudulently avoiding a payment of a debit to an organisation, excluding council tax discount. There were 997 cases detected (34 of which involved employees) with a total value of £0.5m.

Other types of fraud*

*where possible we have provided national estimates.

Social care and welfare assistance

Social care and welfare assistance was one of the highest types of 'other frauds' reported. Social care amounted to 287 detected cases nationally. Welfare assistance totaled 104 cases.

Social care and direct payments are also included in the top three emerging risks listed by authorities.

Procurement, insurance, abuse of position, economic and voluntary sector and manipulation of data

The national estimate of cases in these areas was 1,050. However, it has been noted that a number of these fraud areas crossed over and thus fraudulent activities may have been classified in different categories by different organisations.

For example, procurement frauds have also been classified as 'abuse of position' where a member of staff had been involved in fraudulent activity made possible by their position.

Procurement fraud: This includes any fraud associated with the false procurement of goods and services for an organisation by an internal or external person(s) or company in the 'purchase to pay' or post contract procedure. Procurement fraud often involves significant sums of money and is a frequently occurring fraud risk across all public sector organisations.

Insurance claims: This includes any insurance claim that is proved to be false, made against your organisation or your organisation's insurers. The estimated number of detected cases here was 237. The estimated national value was £4,732 per case; eight cases involved employees but none involved councillors.

Economic and voluntary sector: This includes frauds such as the false payment of grants or financial support to any person and any type of agency or organisation. The estimated amount of detected cases was 47, none of which involved employees; however, there was two cases reported involving a councillor. The estimated national value per case was £1,858.

Abuse of position: This includes individuals using their position to assist in a fraud, for example in helping an individual get a job in a certain position or in an individual using their position to give access permission to a family member or friend.

The actual amount of detected cases was 151. The estimated national value was £385,000.

Manipulation of data (financial or non-financial): This includes individuals using their position to change and manipulate data fraudulently or in assisting or providing access to a family member or friend.

The actual amount of detected cases was 24 (23 of which involved employees). The estimated national figure was 108 for manipulation.

Pensions and investments funds

Pensions fraud: This includes all fraud relating to pension payments, including but not limited to failure to declare changes of circumstances, false documentation, or continued payment acceptance after the death of a pensioner.

The actual number of cases detected was 20. The estimated national value was £342,000; no cases involved employees or councillors.

Investments fraud: This includes all fraud associated with investments. The number of cases detected was 11. The estimated figure nationally was £214,000; no cases involved employees or councillors.

Payroll, expenses and recruitment

Payroll: This includes inputting 'ghost employees' and manipulating payroll data. The number of cases detected was 137. The estimated national value was £653,000.

Expenses fraud: This includes all types of expenses fraud. The number of cases detected was 56. The estimated national value amounts to £140,000. Of the estimated 143 cases, 14 involved employees and three cases involved councillors.

Recruitment fraud: This includes false CVs, job histories, qualifications, references or referees. The number of cases detected was 58. The estimated national value amounted to £255,000. Of the estimated cases 79 involved employees and none involved councillors.
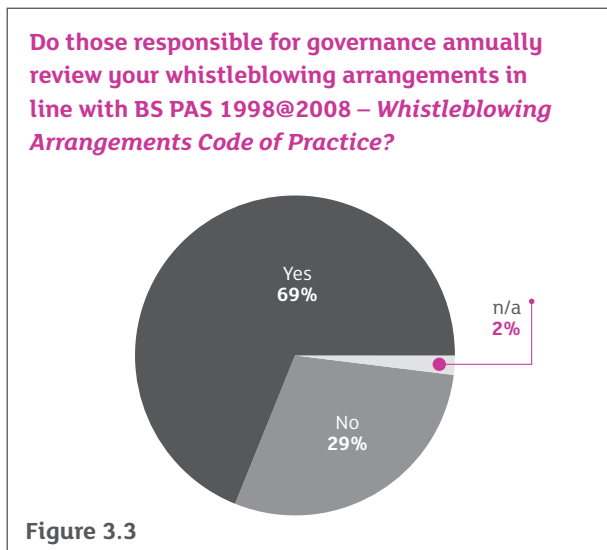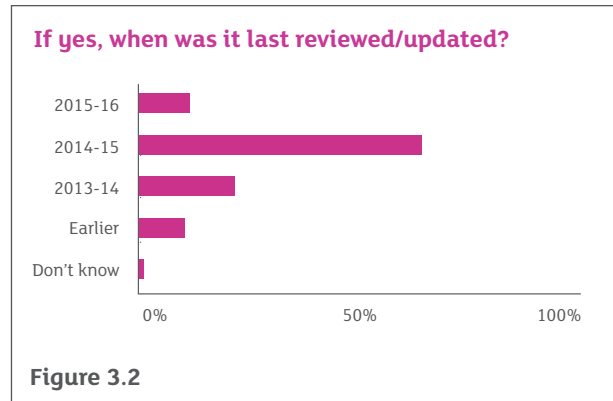
Business rates and no recourse to public funds

Business rates: Business rates appeared as an emerging risk and also a financial risk, with detections totalling £0.8m in 2014-15.

No recourse to public funds: While councils reported this as an emerging risk, the figures were low outside of London and therefore no national extrapolation took place. Some councils in London reported finding up to 400 cases where individuals were claiming public funds but were not entitled to the money.

Whistleblowing

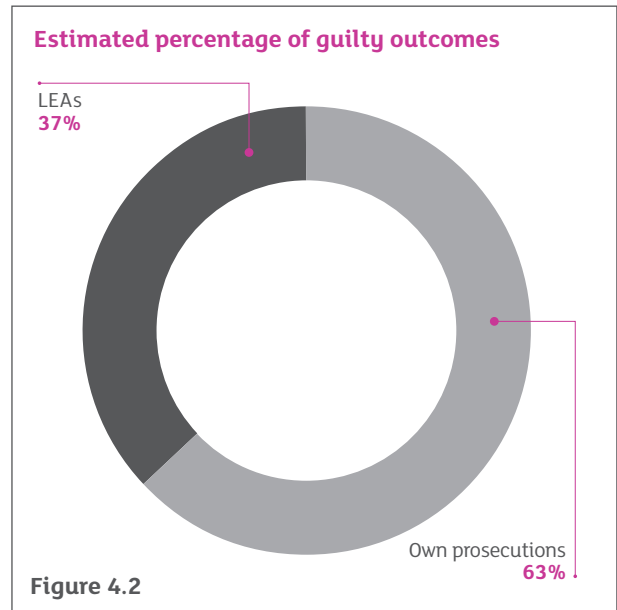An integral part of creating an anti-fraud culture is ensuring that an organisation has robust reporting procedures in place for concerns to be raised. Our survey asked authorities about whether they had a policy, and if so whether the policy conformed to the British Standard.

Do you have a whistleblowing policy?

Figure 3.1

If yes, when was it last reviewed/updated?

Figure 3.2

Do those responsible for governance annually review your whistleblowing arrangements in line with BS PAS 1998@2008 – *Whistleblowing Arrangements Code of Practice*?

Yes
69%

No
29%

n/a
2%

Figure 3.3

Do staff and the public have access to a fraud and corruption whistleblowing helpline

Yes
77%

No
21%

n/a
2%

Figure 3.4

Does the helpline conform to BS PAS *Whistleblowing Arrangements Code of Practice*?

Yes
82%

No
15%

n/a
3%

Figure 3.5

Prosecutions

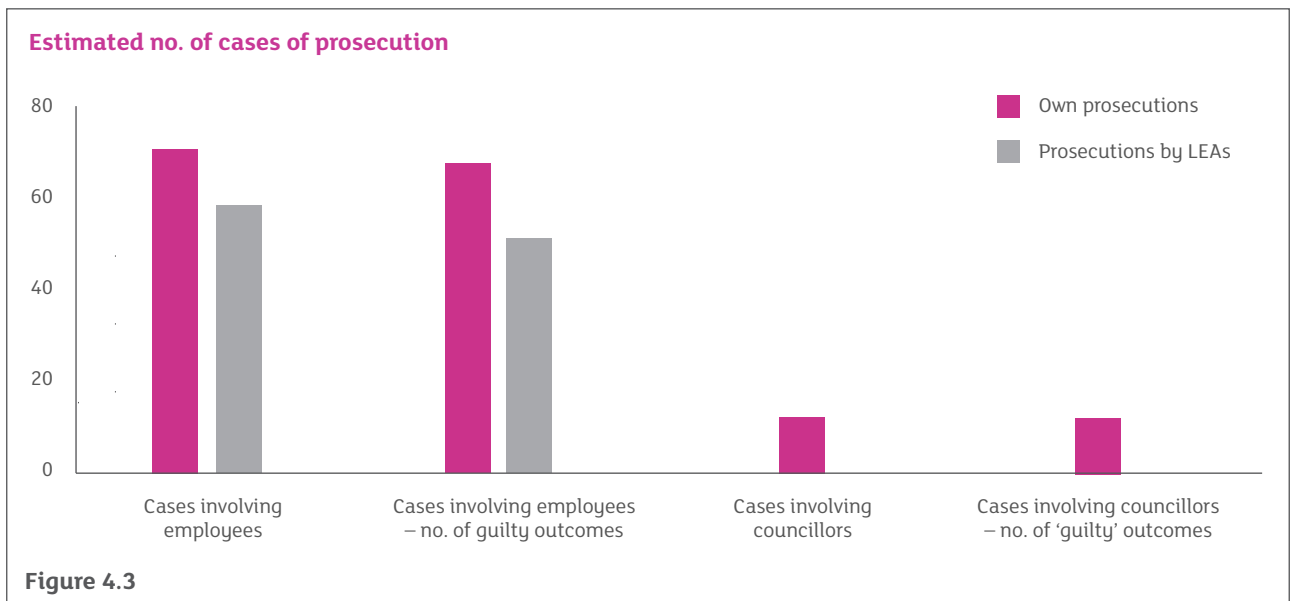Many organisations have the ability to undertake sanctions against those who commit fraud. This can be done in a variety of ways including via the police, the Crown Prosecution Service or in-house lawyers.

The figures below show how many prosecutions were carried out by local enforcement agencies (LEAs) or teams, and also how many guilty outcomes there were split by the prosecuting body.

Estimated percentage of cases of prosecution

By LEAs
41%

By own teams
59%

Figure 4.1

Estimated percentage of guilty outcomes

LEAs
37%

Own prosecutions
63%

Figure 4.2
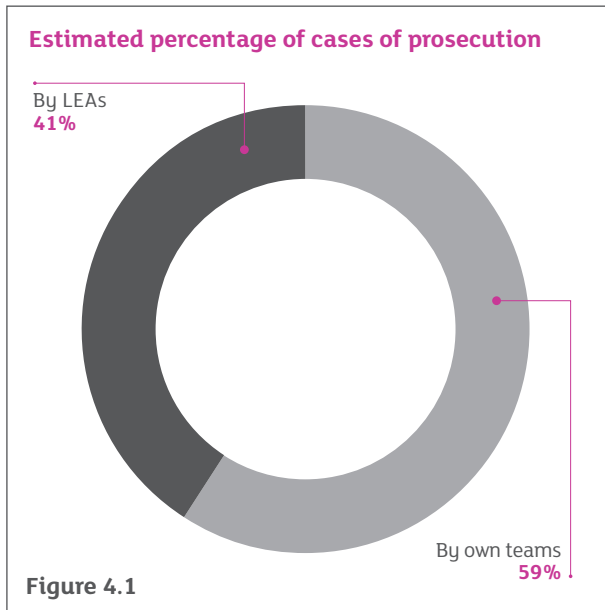
The following graphs apply only to local authorities and show how many prosecutions have been carried out involving staff and local elected members and how many of these resulted in a 'guilty' outcome.

Estimated no. of cases of prosecution

- Own prosecutions
- Prosecutions by LEAs

Cases involving employees | Cases involving employees – no. of guilty outcomes | Cases involving councillors | Cases involving councillors – no. of 'guilty' outcomes

Figure 4.3

Counter fraud and corruption resources

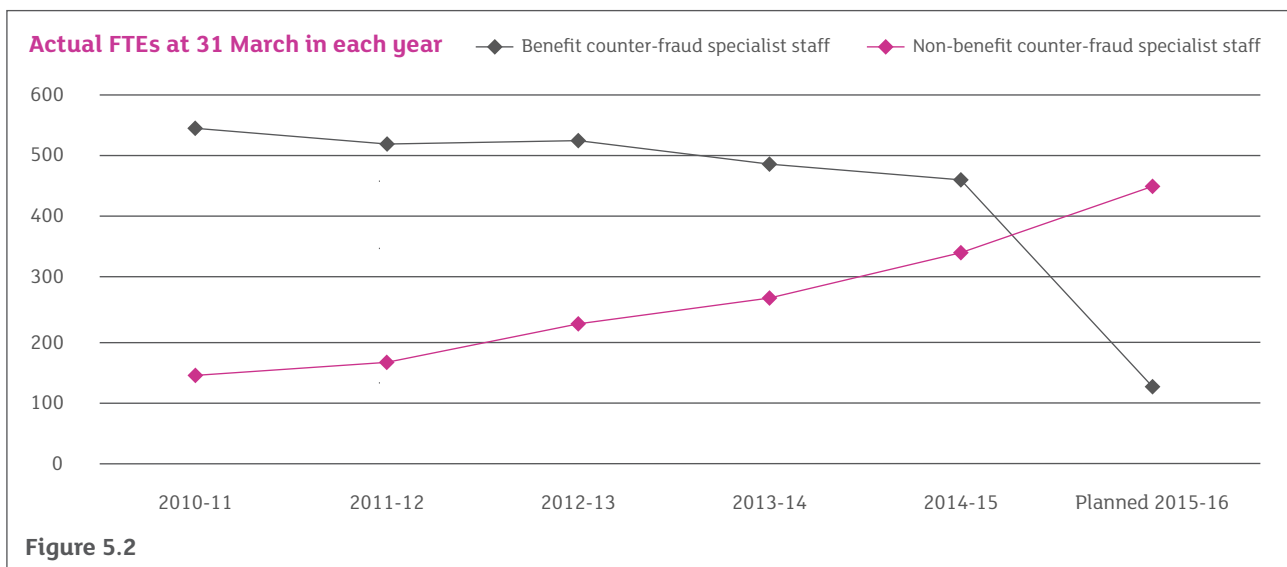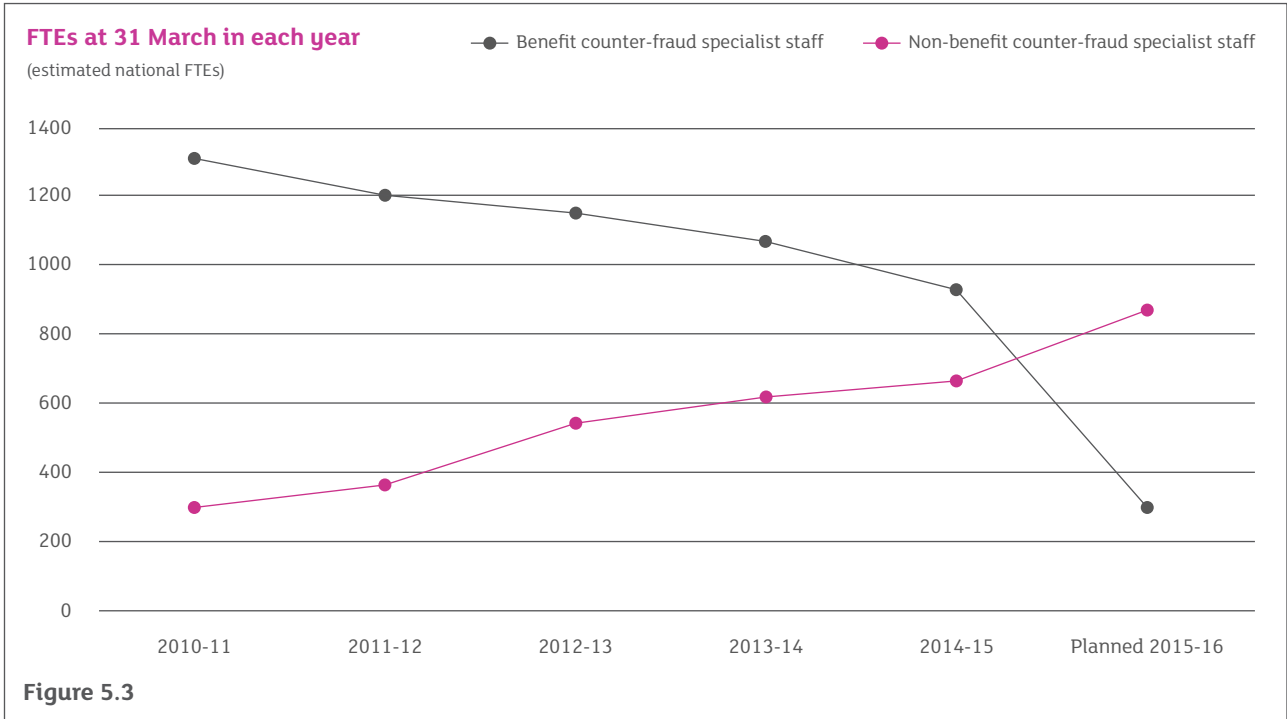Our survey asked a number of questions about those involved in the process of counter fraud. For local authorities the introduction of the Single Fraud Investigation Service (SFIS) is expected to have an effect on staff numbers and for other organisations it is reported that there is a reduction in resources.

Counter fraud and corruption resource

Legend: Yes | No | n/a

- Dedicated corporate fraud team, including benefit and non-benefit counter fraud specialists: 6% (n/a), 59% (No), 35% (Yes)
- Dedicated corporate fraud team for non-benefit, with separate benefit fraud team: 14% (n/a), 63% (No), 23% (Yes)
- Benefit fraud team only, no dedicated corporate fraud team: 16% (n/a), 59% (No), 25% (Yes)
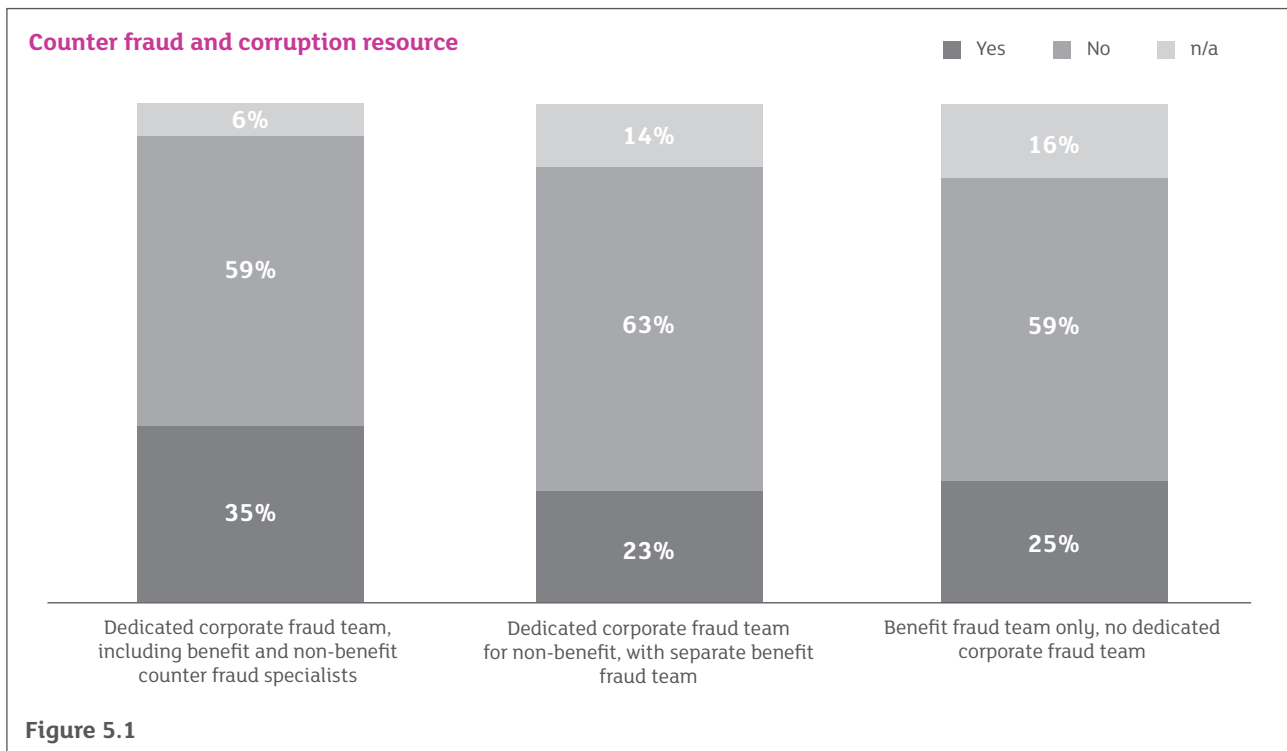
Figure 5.1

These two graphs show an actual figure and an estimated national figure across all organisations.

Actual FTEs at 31 March in each year — Benefit counter-fraud specialist staff — Non-benefit counter-fraud specialist staff

Years: 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, Planned 2015-16

Figure 5.2

FTEs at 31 March in each year
(estimated national FTEs)

Benefit counter-fraud specialist staff — Non-benefit counter-fraud specialist staff

Figure 5.3

Under the Proceeds of Crime Act (PoCA) 2002, organisations are able to recoup the financial gains gotten as a result of the crime. The tables below show the resources that are invested in this activity and the money received as a result of this activity.

POCA financial investigations resources (other than DWP)

In-house

Other (non-DWP)

In-house and other

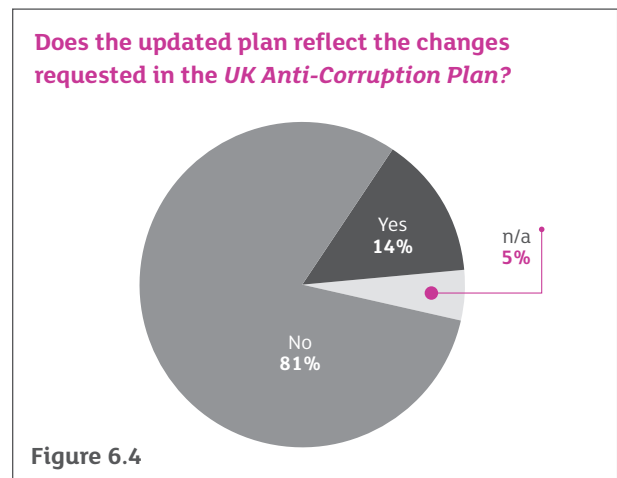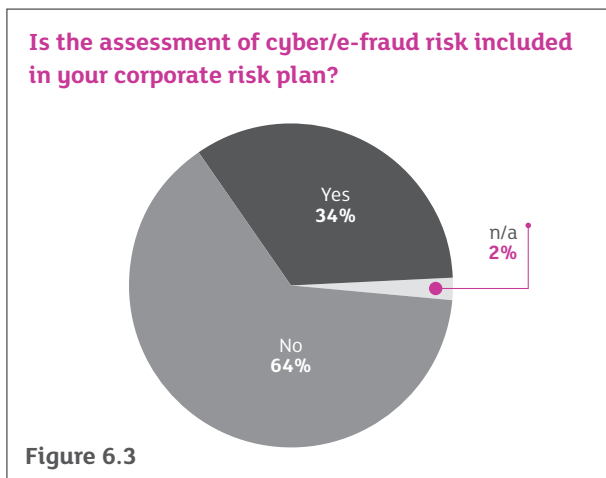None

n/a

Figure 5.4
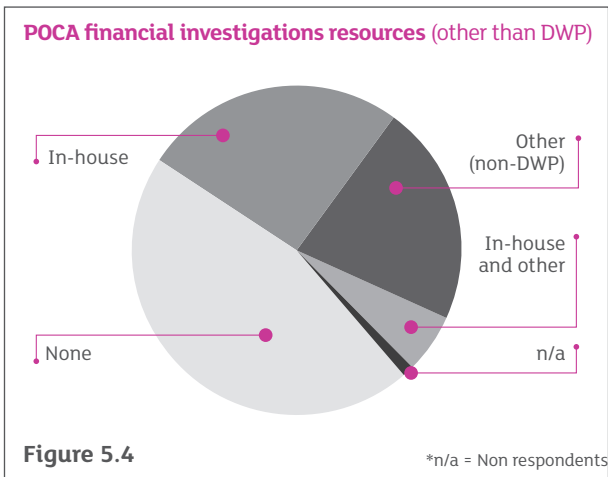
*n/a = Non respondents
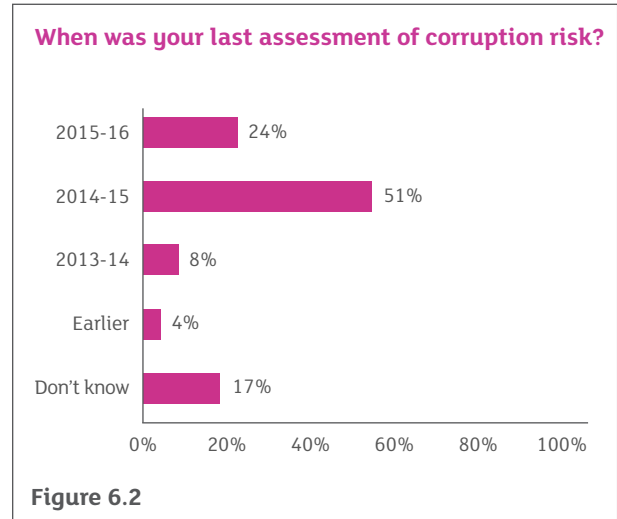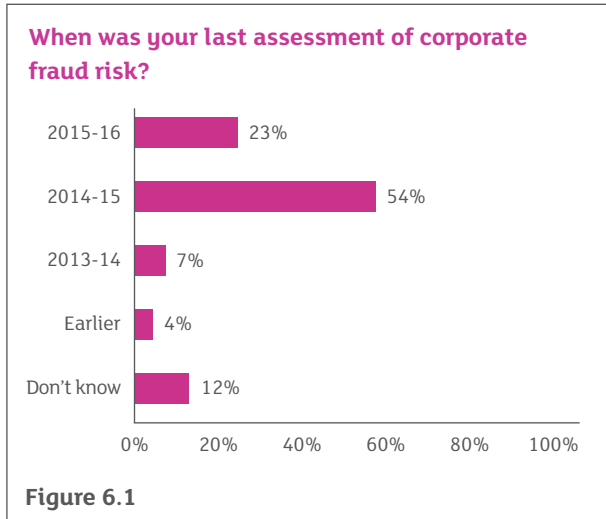
Money awarded by court through POCA, excluding housing benefit/council tax benefit (over the last three financial years)

| Respondents: **£29.5m** | Estimated national figure: **£49.8m** |

Money actually received through POCA, excluding housing benefit/council tax benefit (over the last three years)

| Respondents: **£17.6m** | Estimated national figure: **£33.9m** |

Counter fraud and anti-corruption plan

We asked about the type of plan that organisations have in place, whether it covered all types of fraud risk and how often it was re-assessed. In particular we asked about cyber risk (which was listed by respondees as emerging) and also the government's new anti-corruption plan.
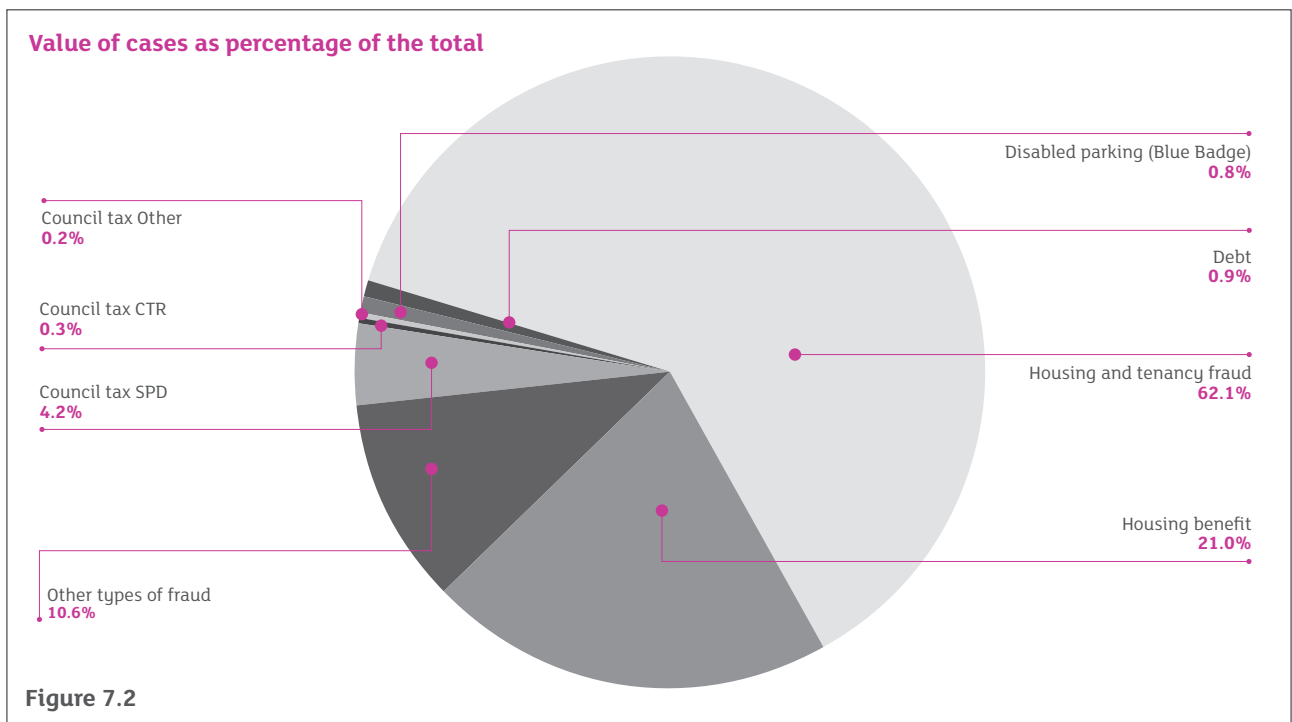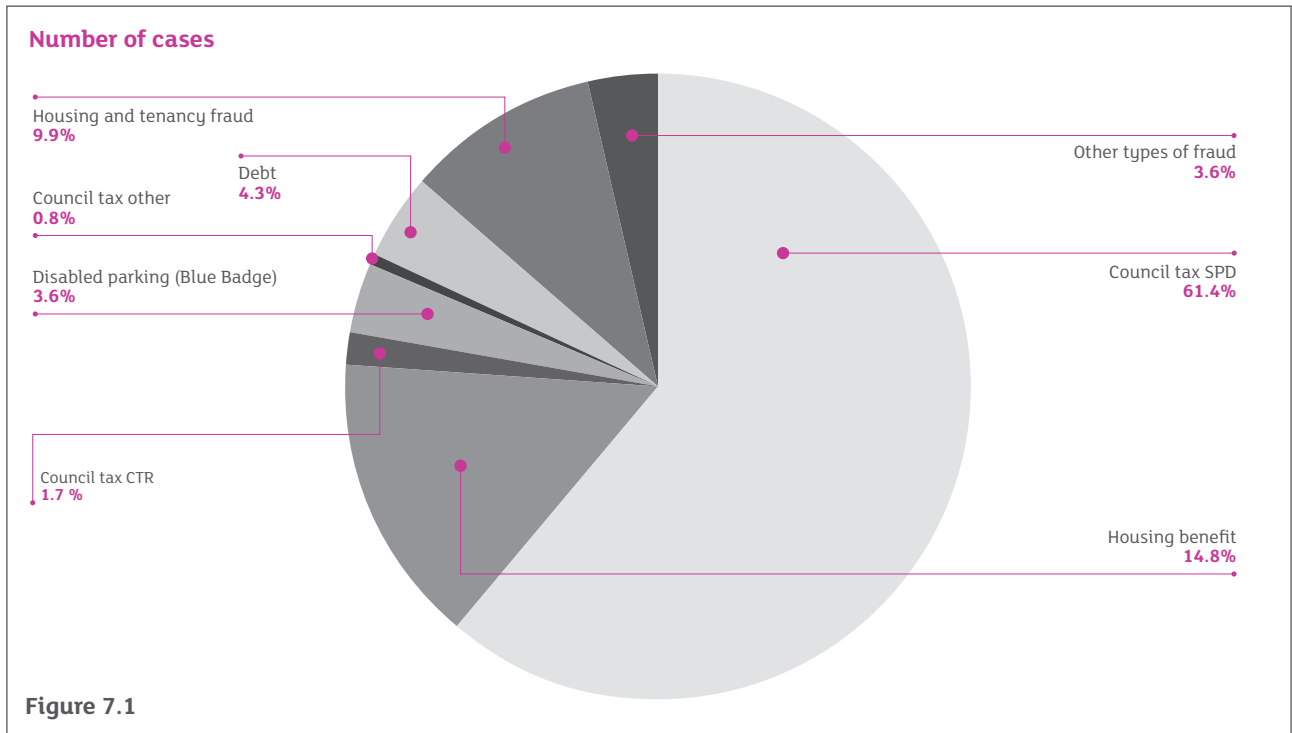
When was your last assessment of corporate fraud risk?

2015-16	23%
2014-15	54%
2013-14	7%
Earlier	4%
Don't know	12%

Figure 6.1

When was your last assessment of corruption risk?

2015-16	24%
2014-15	51%
2013-14	8%
Earlier	4%
Don't know	17%

Figure 6.2

Is the assessment of cyber/e-fraud risk included in your corporate risk plan?

Yes 34%
No 64%
n/a 2%

Figure 6.3

Does the updated plan reflect the changes requested in the *UK Anti-Corruption Plan*?

Yes 14%
No 81%
n/a 5%

Figure 6.4

Enhancing counter fraud development

We asked organisations to briefly name the three most significant issues that need to be addressed to effectively tackle the risk of fraud and corruption.

1. Capacity (sufficient counter fraud resource)
2. Effective fraud risk management
3. Better data sharing

Fraud cases in London local authorities

There was a 100% return rate from London local authorities and a selection of the results is included here. Further detailed figures are available, in particular on individual performance against the questions in FFL or on anti-corruption. To obtain this information please contact the CIPFA Counter Fraud Centre on **counterfraudcentre@cipfa.org**

Number of cases

Housing and tenancy fraud
9.9%

Debt
4.3%

Council tax other
0.8%

Disabled parking (Blue Badge)
3.6%

Council tax CTR
1.7 %

Other types of fraud
3.6%

Council tax SPD
61.4%

Housing benefit
14.8%

Figure 7.1

Value of cases as percentage of the total

Council tax Other
0.2%

Council tax CTR
0.3%

Council tax SPD
4.2%

Other types of fraud
10.6%

Disabled parking (Blue Badge)
0.8%

Debt
0.9%

Housing and tenancy fraud
62.1%

Housing benefit
21.0%

Figure 7.2

It should be stressed that council tax was the highest figure in this group, and that many of these cases may not have been proven fraud but cases where overpayments were recovered without a prosecution or a sanction.

Types of Fraud	Fraud cases	% of total	Value £m	% of Total	Average £'k *
Council tax SPD	13,495	61.4%	£4.6m	4.2%	£0.34k
Housing benefit	3,245	14.8%	£22.8m	21.1%	£7.02k
Council tax CTR	363	1.7%	£0.3m	0.3%	£0.87k
Disabled parking concession (Blue Badge)	794	3.6%	£0.8m	0.8%	£1.03k
Council tax other	178	0.8%	£0.2m	0.2%	£1.00k
Debt	951	4.3%	£0.1m	0.1%	£0.16k
Housing and tenancy fraud	2,179	9.9%	£67.3m	62.6%	£30.91k
Other types of fraud	790	3.6%	£11.5m	10.7%	£14.59k
Types of Fraud	**21,995**	**100%**	**£108m**	**100%**	**£4.89k**

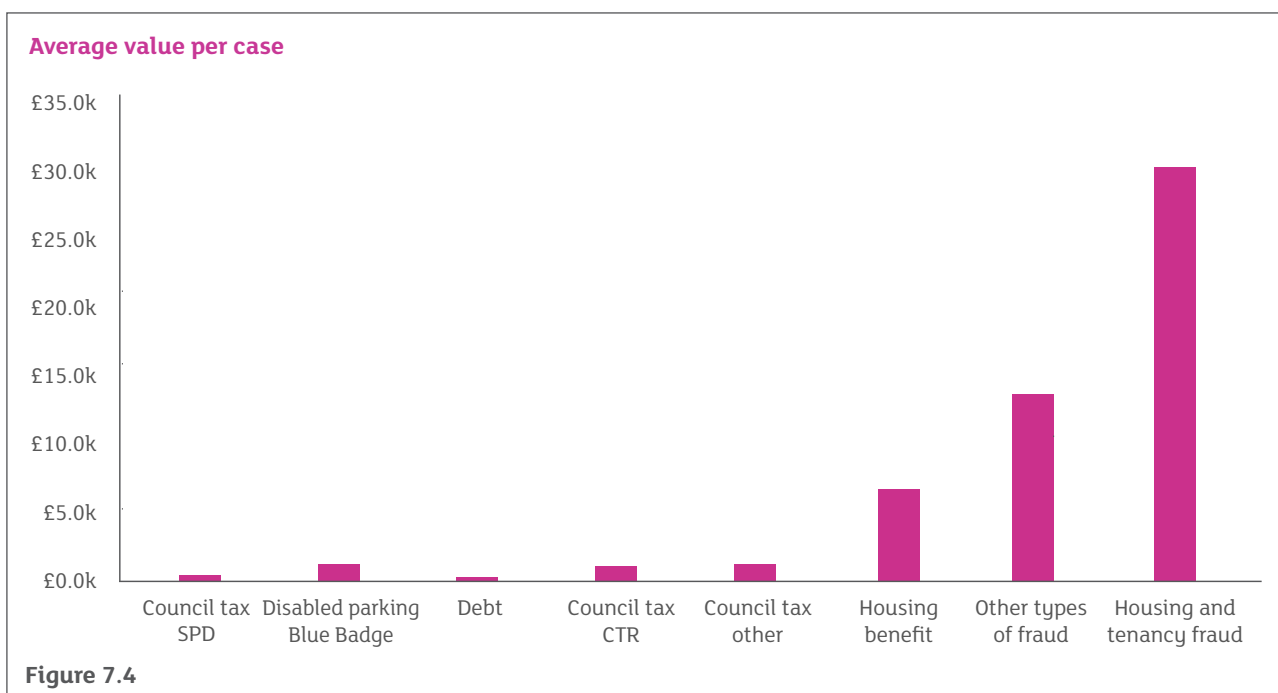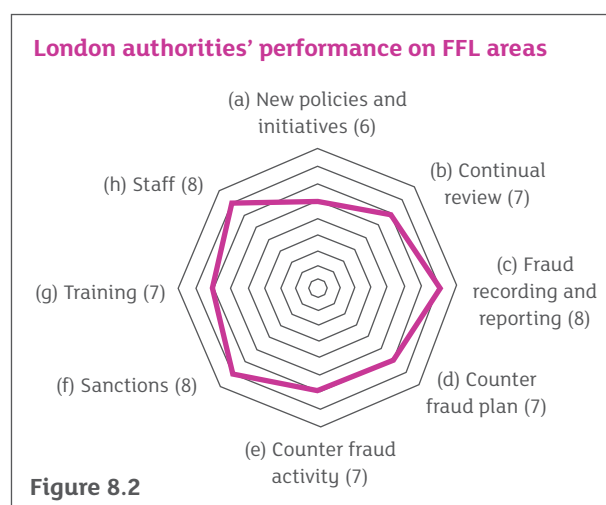**Figure 7.3**

Average value per case

Figure 7.4

* Using these figures for London it has been possible to calculate an average value per case.

Fighting Fraud Locally

Fighting Fraud Locally (FFL) is the local government counter fraud strategy. Since 2012 CIPFA has been commissioned by the FFL Board to ask questions based on the strategy to give the Board assurance about how local authorities perform in certain areas.

In our survey we applied these questions to all respondees. The information is also supplied to the FFL Board for local authorities only. The diagrams below show how well organisations have applied the areas covered in FFL.

Local authorities only

(a) New policies and initiatives (6)
(b) Continual review (7)
(c) Fraud recording and reporting (8)
(d) Counter fraud plan (6)
(e) Counter fraud activity (6)
(f) Sanctions (7)
(g) Training (7)
(h) Staff (8)

Figure 8.1

London authorities' performance on FFL areas

(a) New policies and initiatives (6)
(b) Continual review (7)
(c) Fraud recording and reporting (8)
(d) Counter fraud plan (7)
(e) Counter fraud activity (7)
(f) Sanctions (8)
(g) Training (7)
(h) Staff (8)

Figure 8.2

Emerging threats

We also asked for lists of emerging threats. If individual organisations or groups wish to have these by region we can supply them. There were over 110 different types of issues named, the most common recurring themes were as follows:

- Procurement frauds, ranging from the concept of a project through to contract management.
- Organisational change which leads to fraud risks.
- Personal budgets and direct payments.
- Housing tenancy fraud.
- Cyber and e-enabled fraud.

We would like to thank those that took part in this survey and look forward to working with you on the CIPFA Fraud and Corruption Tracker 2016. If organisations or regions wish us to undertake a survey for a particular region, please contact us at **counterfraudcentre@cipfa.org.** Individual profile reports are available for respondents to the 2015 survey at an introductory offer of £200 until the end of March 2016 and £250 thereafter.

For more information on the CIPFA Counter Fraud Centre, our training, products and services, please visit our website: **www.cipfa.org/services/counter-fraud-centre**

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To subscribe to the CIPFA Counter Fraud Centre, which gives you access to the tools, alerts and resources needed to combat fraud in the public services, please complete the application form on our website.

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www.cipfa.org/services/counter-fraud-centre/e-learning/whistleblowing-elearning

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www.cipfa.org/services/counter-fraud-centre/e-learning/bribery-and-corruption-elearning

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INVESTORS IN PEOPLE

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