



GOVERNANCE COMMITTEE

TUESDAY, 23 APRIL 2019

11.00 AM (OR AT THE CONCLUSION OF THE STANDARDS COMMITTEE, WHICHEVER IS THE LATER)
COMMITTEE ROOM - COUNTY HALL, LEWES

MEMBERSHIP - Councillor Keith Glazier (Chair)
Councillors Godfrey Daniel, David Elkin, Rupert Simmons and David Tutt

A G E N D A

- 1 Minutes of the meeting held on 5 March 2019 (*Pages 3 - 4*)
- 2 Apologies for absence
- 3 Disclosures of interests
Disclosures by all members present of personal interests in matters on the agenda, the nature of any interest and whether the member regards the interest as prejudicial under the terms of the Code of Conduct.
- 4 Urgent items
Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda. Any members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.
- 5 Scrutiny Committee size (*Pages 5 - 8*)
Report by Assistant Chief Executive
- 6 Allocation of places on Committees, Sub-Committees, Panels and other bodies (*Pages 9 - 14*)
Report by Assistant Chief Executive
- 7 Amendment to Constitution - Financial Regulations (*Pages 15 - 52*)
Report by Chief Finance Officer
- 8 Appointments to the Independent Remuneration Panel (*Pages 53 - 54*)
Report by Assistant Chief Executive
- 9 East Sussex Pension Board - Appointment of Members (*Pages 55 - 56*)
Report by Chief Operating Officer
- 10 Any other non exempt items previously notified under agenda item 4
- 11 Exclusion of Public and Press
To consider excluding the public and press from the meeting for the remaining agenda items on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), namely information relating to any individual

- 12 East Sussex Pension Board (*Pages 57 - 60*)
- 13 Any other exempt items considered urgent by the Chair

PHILIP BAKER
Assistant Chief Executive
County Hall, St Anne's Crescent
LEWES BN7 1UE

11 April 2019

Contact Andy Cottell, 01273 481955,

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GOVERNANCE COMMITTEE

MINUTES of a meeting of the Governance Committee held at Committee Room - County Hall, Lewes on 5 March 2019.

PRESENT Councillors Keith Glazier (Chair), David Elkin, Rupert Simmons, David Tutt and Trevor Webb

ALSO PRESENT Councillors Phil Boorman and Richard Stogdon

29 MINUTES OF THE MEETING HELD ON 22 JANUARY 2019

29.1 RESOLVED – that the minutes of the previous meeting of the Committee held on 22 January 2019 be confirmed and signed as a correct record.

30 APOLOGIES FOR ABSENCE

30.1 Apologies for absence were received from Councillor Godfrey Daniel. It was noted that Councillor Webb was substituting for him.

31 PAY POLICY STATEMENT 2019/20

31.1 The Committee considered a report by the Chief Operating Officer on the pay policy statement for 2019/20.

31.2 The Committee RESOLVED to recommend to the County Council the updated pay policy statement for 2019/20 as set out in Appendix 1 of the report.

32 REVIEW OF SCRUTINY AND REGULATORY COMMITTEES

32.1 The Committee considered a report by the Assistant Chief Executive on the number of councillors appointed to scrutiny committees and the size of the Regulatory Committee.

32.2 The Committee RESOLVED to: 1) retain the Regulatory Committee in its current form and size;

2) agree that attendance figures for councillors attending Scrutiny Committee and Scrutiny Review Board meetings since May 2018 be circulated to members of the Committee; and

3) agree that a report modelling an additional 2 places on the People and Place Scrutiny Committees be reported to the Committee in April 2019 in order that the Committee can decide whether to change the size of the committees.

33 AMENDMENT TO CONSTITUTION - HEALTH AND WELLBEING BOARD TERMS OF REFERENCE

33.1 The Committee considered a report by the Chief Executive regarding proposed amendments to the terms of reference of the Health and Wellbeing Board.

33.2 The Committee RESOLVED to recommend the County Council to approve the revised terms of reference for the East Sussex Health and Wellbeing Board as set out in Appendix 1 of the report.

34 PENSION BOARD

34.1 The Committee considered a report by the Chief Finance Officer in relation to the membership of the Pension Board.

34.2 The Committee RESOLVED to:

1) note the report to, and the minutes of, the Pension Board meeting of 4 February 2019 (appendices 1 and 2 of the report);

2) note the request from the Pension Committee meeting of 25 February 2019 to refer the plans for making appointments to the Pension Board to this Committee;

3) agree the proposals to seek employer and scheme member nominations for their representation on the Pension Board and that employers and scheme member representative organisations will now be asked for their nominations;

4) agree that following receipt of nominations, a further report will be submitted to the Governance Committee on 23 April outlining the degree of change to Board Membership and allowing the Committee to consider whether a staggered approach to appointment lengths would provide some useful continuity of representation;

5) note that officers will continue to ensure that appropriate training/induction sessions are held for new members of the Board;

6) agree that the recruitment process for the Independent Chair position will be started immediately and a report submitted to the Governance Committee on 23 April with a proposal for the appointment of the Chair; and

7) agree that if 4 and 6 above are not complete by 23 April by the Governance Committee will consider extending current appointments

35 LOCAL MANAGERS' PAY 2019/20

35.1 The Committee considered a report by the Chief Operating Officer regarding the pay award for LMG Managers for 2019/20.

35.2 The Committee RESOLVED to – agree to the pay award for LMG Managers for the financial year 2019/20 as being 2% (in line with the national NJC award)

36 CHIEF EXECUTIVE, CHIEF OFFICERS' AND DEPUTY CHIEF OFFICERS' PAY 2019/20

[The Chief Executive, Chief Officers and Deputy Chief officers present at the meeting left the meeting room prior to consideration of this item]

36.1 The Committee considered a report by the Head of Human Resources and Organisational Development regarding the pay award for the Chief Executive, Chief Officers and Deputies for 2019/20

36.2 The Committee RESOLVED (by a majority of 4 to 1) - to determine the pay offer for the Chief Executive, Chief Officers and Deputies for 2019/20 as being 2% (in line with the recent national NJC awards)

[Councillor David Tutt voted against the above resolution.]

Report to: Governance Committee

Date of meeting: 23 April 2019

By: Assistant Chief Executive

Title: Scrutiny committee size

Purpose: To review the number of councillors appointed to scrutiny committees

RECOMMENDATION

The Governance Committee is recommended to consider whether to increase the number of councillors appointed to scrutiny committees.

1 Background

1.1 Following consideration by the Governance Committee, Full Council on 27 March 2018 approved a new scrutiny structure.

1.2 The new People and Place Scrutiny Committees were appointed to at the Annual Council meeting in May 2018 and began meeting in June 2018. The new committees have therefore been active for just under a year.

1.3 In April 2018, the Governance Committee requested that a review of the number of councillors appointed to the scrutiny committees be undertaken and reported to the committee in early 2019 to enable any changes to be made before the Annual Council meeting in May. Following an initial report considered on 5 March 2019, the Governance Committee requested further information, specifically the impact of increasing the size of the People and Place Scrutiny Committees by two Members.

2 Size of scrutiny committees

2.1 The new People and Place Scrutiny Committees are larger than the predecessor committees – comprising 11 Members each, compared to seven previously. The increased size was designed to reflect both the broader remits and smaller number of committees, and the move towards a commissioning model of scrutiny, with the larger committees providing a greater pool of Members from which Review Boards and other working groups could be drawn.

2.2 Members expressed mixed feedback about the proposed size of committees during the 2018 review of scrutiny arrangements. Some Members expressed concern that larger committees would be unwieldy and difficult to manage. Others queried whether the size could be increased to involve more Members, for example an increased presence from opposition groups.

2.3 Comparison with the size of the scrutiny committees of other top tier local authorities in the south east indicates that committee size ranges from 8-16 Members, with most committees between 10 and 13 Members. This suggests that the current size of ESCC committees is typical. It should be noted that the People Scrutiny Committee includes four statutory education co-optees, bringing the overall size of the existing committee to 15.

3 Impact of additional Members

3.1 If the size of committees was to be increased, for example to a size that would potentially provide an additional seat to an opposition group, proportionality rules mean that the controlling group would also receive additional seats thus making no difference to overall balance. Furthermore, additional seats on scrutiny committees would be factored into the overall group seat allocations across all committees, not just scrutiny.

3.2 Appendix 1 contains details of the current committee seat allocations, including scrutiny committees, which is based on 11 Members appointed to People and Place Scrutiny Committees and seven to the Health Overview and Scrutiny Committee.

3.3 Appendix 2 models the impact of increasing the number of places on People and Place Scrutiny Committees by two to 13 elected Members in total on each committee.

3.4 In summary, the impact of increasing the membership of the two scrutiny committees by two Members each, based on the Council's current political make-up, is that the Conservative Group receives two additional places across all committees and the Liberal Democrat and Labour Groups receive one additional place each. The allocation of these places to specific committees would need to be considered by Governance Committee so that the overall number of committee seats allocated to each group is balanced.

3.5 When considering whether to increase the number of councillors appointed to scrutiny committees, practical factors are also relevant. Issues may include the availability of Members to fill seats and attend meetings, and increased challenges in supporting and managing large meetings.

4 Conclusions and recommendations

4.1 The Governance Committee is recommended to consider whether to increase the number of councillors appointed to scrutiny committees, taking into account comparisons with other authorities, practical factors and the modelled impact of increasing the number.

PHILIP BAKER

Assistant Chief Executive

Contact Officer: Claire Lee, Member Services Manager

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Appendix 1 – Current seat allocations

Group	Number of Councillors	%	Number of seats
Conservative	30	60	47
Liberal Democrat	11	22	17
Labour	4	8	6
Independent Democrat Group	2	4	3
Independent	3	6	5
Total	50	100%	78

COMMITTEE	Conservative	Liberal Democrat	Labour	Independent Democrat Group	Independent Group
Number of councillors	30	11	4	2	3
Regulatory (18)	10.80 (11)	3.96 (4)	1.44 (1)	0.72 (1)	1.08 (1)
Planning (7)	4.20 (4)	1.54 (2)	0.56 (1)	0.28 (0)	0.42 (0)
Governance (5)	3.00 (3)	1.10 (1)	0.40 (1)	0.20 (0)	0.30 (0)
Standards Committee (7)	4.20 (4)	1.54 (1)	0.56 (1)	0.28 (0)	0.42 (1)
Pension Committee (5)	3.00 (3)	1.10 (1)	0.40 (0)	0.20 (0)	0.30 (1)
Audit (7)	4.20 (4)	1.54 (2)	0.56 (0)	0.28 (1)	0.42 (0)
Scrutiny Committees:					
Health Overview & Scrutiny (7)	4.20 (4)	1.54 (2)	0.56 (0)	0.28 (0)	0.42 (1)
People (11)	6.60 (7)	2.42 (2)	0.88 (1)	0.44 (1)	0.66 (0)
Place (11)	6.60 (7)	2.42 (2)	0.88 (1)	0.44 (0)	0.66 (1)
TOTALS (78)	47	17	6	3	5

Appendix 2 – Modelling the impact of increased scrutiny places

Group	Number of Councillors	%	Number of seats
Conservative	30	60	49 (+2)
Liberal Democrat	11	22	18 (+1)
Labour	4	8	7 (+1)
Independent Democrat Group	2	4	3 (unchanged)
Independent	3	6	5 (unchanged)
Total	50	100%	82

Indicative allocations to committees – subject to achieving overall balance

COMMITTEE	Conservative	Liberal Democrat	Labour	Independent Democrat Group	Independent Group
Number of councillors	30	11	4	2	3
Regulatory (18)	10.80	3.96	1.44	0.72	1.08
Planning (7)	4.20	1.54	0.56	0.28	0.42
Governance (5)	3.00	1.10	0.40	0.20	0.30
Standards Committee (7)	4.20	1.54	0.56	0.28	0.42
Pension Committee (5)	3.00	1.10	0.40	0.20	0.30
Audit (7)	4.20	1.54	0.56	0.28	0.42
Scrutiny Committees:					
Health Overview & Scrutiny (7)	4.20	1.54	0.56	0.28	0.42
People (13)	7.80	2.86	1.04	0.52	0.78
Place (13)	7.80	2.86	1.04	0.52	0.78
TOTALS (82)	49	18	7	3	5

Report to: **Governance Committee**

Date: **23 April 2019**

By: **Assistant Chief Executive**

Title of report: **Appointments of Members to Committees, Sub-Committees, Panels and Other Bodies**

Purpose of report: **To consider the allocation of places on committees, sub-committees, panels and other bodies to the three party political groups, the Independent Democrat Group and Independent Group.**

RECOMMENDATIONS:

The Governance Committee recommends the County Council to:

- (1) allocate to political and independent groups the places on, and membership of:**
 - (a) the main committees in appendix 1 of this report;**
 - (b) other committees and panels listed in Appendix 2 of this report; and**
 - (c) Chair and Vice Chair positions on Scrutiny Committees and other Committees;**
-

1. Supporting Information

1.1 The County Council, at its annual meeting in May, appoints members to committees etc. In appointing members to committees the Council must comply with section 15 of the Local Government Act 1989 and subsequent Regulations. These provide that places on committees must be allocated to political groups in proportion to the number of seats on the Council held by each group, unless there is agreement, without dissent, that the provisions of the Act should not be applied.

1.2 The allocation of places to party groups must, so far as is reasonably practicable, give effect to the following principles:

- (a) not all of the seats on the body can be allocated to the same political group;
- (b) where more than half the members of the Council belong to one political group, that group shall have a majority on all committees, sub-committees, etc;
- (c) subject to (a) and (b) above, the total number of seats on the ordinary committees (including sub-committees) allocated to a political group reflects that group's proportion of the members of the Council;
- (d) subject to (a), (b) and (c) above, the number of seats on each body allocated to a political group reflects the proportion of the seats on the Council held by the group.

1.3 The rules require seats to be allocated on a proportional basis "so far as practicable" and inevitably there must be some rounding up and rounding down. It is open to the Council to review the size and number of committees and sub-committees at any time.

1.4 Members of the Cabinet may not serve on the Scrutiny Committees or the Regulatory Committee and the Leader and Deputy Leader of the Council may not serve on the Standards Committee.

1.5 The Leader of the Council appoints the Cabinet and allocates portfolios to those Cabinet Members. Political balance provisions do not apply to the Cabinet

1.6 The principle in paragraph 1.2 (c) above applies to appointments to ordinary committees (including sub-committees). Accordingly, before considering the allocation of places to political groups the Committee will need to consider whether it wishes to recommend any changes in committees, including their size.

1.7 Following the Committee's meeting, the group leaders will be asked to let the Assistant Chief Executive have nominations to fill the places on committees, sub-committees, panels and other bodies covered in this report provisionally allocated to their group. The nominations received will be circulated to members of the County Council on the day of the annual council meeting, for approval by the Council.

2. Allocation of seats

2.1 The tables in Appendix 1 show the proposed allocation of seats for 2019/20. There are no changes to the allocation agreed in May 2018 for 2018/19. The proposals in relation to the ordinary committees and sub-committees, their total membership and the number of seats on each to which the groups will be entitled follows the principles set out in paragraph 1.2 above.

2.2 The allocation of seats to the Governance Committee has been proposed to take into account the importance of having one member from each of the main political groups. Membership of this Committee normally includes the Group Leaders.

2.3 The Committee is asked to consider the allocations in Appendix 1 and to make a recommendation to the County Council as to number of places on each committee to be allocated to each group or independent members.

3. Other Committees and Panels

3.1 There is no obligation in relation to other committees and panels to aggregate the total number of places and to adjust allocations so that the total number of places allocated to each group reflects its proportion of the members of the Council. It is proposed that places should be allocated on a proportionate basis, unless the Council agrees to waive the political balance provisions which has been the custom for certain panels over many years.

3.2 The practical effect of the proportionality rules for a committee, panel or group of members of any given size from 3 to 12 is set out in Appendix 2, together with the list of current committees and panels to which appointments will need to be made and their membership. Their terms of reference are set out in the Constitution.

3.3 The Committee is asked to recommend to County Council the number of places on the Committees and Panels listed in Appendix 2.

4. Chairs and Vice Chairs of Scrutiny and Audit Committees

4.1 The Chairs and Vice Chairs of scrutiny committees and Audit Committee shall be allocated to groups in accordance to the number of seats they have on the Council. Within this allocation, the Chair of the Audit Committee shall be appointed from the members of the largest opposition group. On this basis the allocation of the 8 places would be as follows (unchanged from 2018/19):

Conservative – 5
 Liberal Democrat – 2 (including the Chair of the Audit Committee)
 Labour – 1
 Independent Group - 0
 Independent Democrat - 0

The proposed list of Chairs and Vice Chairs to be appointed by the County Council is:

Committee	Chair	Vice-Chair
Regulatory	?	
Audit Committee	Liberal Democrat	Conservative
People Scrutiny Committee	Conservative	Liberal Democrat
Place Scrutiny Committee	Conservative	Labour
Health Overview and Scrutiny Committee	Conservative	Conservative
Governance Committee	?	
Planning Committee	?	?
Pension Committee	?	
Standards Committee	?	

5. Conclusion

The Committee is asked to recommend the County Council to agree the allocation of places on committees to each group as set out in Appendix 1 and 2 and the Chair and Vice Chair positions on committees.

PHILIP BAKER
 Assistant Chief Executive

Contact Officer: Andy Cottell Tel: 01273 481955
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Local Member: All

Background Documents: None

Appendix 1

Group	Number of Councillors	%	Number of seats
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Planning (7)	4.20 (4)	1.54 (2)	0.56 (1)	0.28 (0)	0.42 (0)
Governance (5)	3.00 (3)	1.10 (1)	0.40 (1)	0.20 (0)	0.30 (0)
Standards Committee (7)	4.20 (4)	1.54 (1)	0.56 (1)	0.28 (0)	0.42 (1)
Pension Committee (5)	3.00 (3)	1.10 (1)	0.40 (0)	0.20 (0)	0.30 (1)
Scrutiny Committees:					
Audit (7)	4.20 (4)	1.54 (2)	0.56 (0)	0.28 (1)	0.42 (0)
Health Overview & Scrutiny (7)	4.20 (4)	1.54 (2)	0.56 (0)	0.28 (0)	0.42 (1)
People (11)	6.60 (7)	2.42 (2)	0.88 (1)	0.44 (1)	0.66 (0)
Place (11)	6.60 (7)	2.42 (2)	0.88 (1)	0.44 (0)	0.66 (1)
TOTALS (78)	47	17	6	3	5

Appendix 2

Recommended allocation of seats for Committees and Panels of between 3 and 12 seats

Committee size	Conservative	Liberal Democrat	Labour	Independent Democratic Group	Independents
3	1.80 (2)	0.66 (1)	0.24 (0)	0.12 (0)	0.18 (0)
4	2.40 (3)	0.88 (1)	0.32 (0)	0.16 (0)	0.24 (0)
5	3.00 (3)	1.10 (1)	0.40 (1)	0.20 (0)	0.30 (0)
6	3.60 (4)	1.32 (1)	0.48 (1)	0.24 (0)	0.36 (0)
7	4.20 (4)	1.54 (2)	0.56 (1)	0.28 (0)	0.42 (0)
8	4.80 (5)	1.76 (2)	0.64 (1)	0.32 (0)	0.48 (0)
9	5.40 (5)	1.98 (2)	0.72 (1)	0.36 (0)	0.54 (1)
10	6.00 (6)	2.20 (2)	0.80 (1)	0.40 (0)	0.60 (1)
11	6.60 (7)	2.42 (2)	0.88 (1)	0.44 (0)	0.66 (1)
12	7.20 (7)	2.64 (3)	0.96 (1)	0.48 (0)	0.72 (1)

This allocation relates to the following Committees and Panels

- (a) County Joint Consultative Committee (5 members of the County Council)
- (b) County Consultative Committee Governors (5 Members of the County Council, one of whom should be the Lead Cabinet Member for Education and Inclusion, Special Educational Needs and Disability who chairs the Committee).
- (c) Joint Advisory Committee (Schools) (5 Members of the County Council of whom one should be the Lead Cabinet Member for Education and Inclusion, Special Educational Needs and Disability, and another should be a member of the Cabinet.
- (d) Corporate Parenting Panel (7 Members of the County Council)
- (e) Standing Advisory Council for Religious Education (5 members of the County Council)
- (f) Discretionary Transport Appeal Panel (3 Members of the County Council). The County Council has a custom of agreeing to waive the political balance provisions in relation to this Panel.

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Report to: Governance Committee

Date of meeting: 23 April 2019

By: Chief Finance Officer

Title: Amendment to the Constitution - Financial Regulations

Purpose: To consider proposals to update the Council's Financial Regulations.

RECOMMENDATIONS

The Governance Committee is recommended to recommend the County Council to:

- 1) agree the revised Financial Regulations as set out in Appendix 2 of the report; and**
 - 2) authorise the Assistant Chief Executive to update the Council's Scheme of Delegation to Officers accordingly.**
-

1. Financial Regulations

1.1 The Council's Financial Regulations provide a framework of control, responsibility and accountability for the administration of the Council's financial affairs.

1.2 A review of the Financial Regulations has been undertaken to ensure they remain relevant and fit for purpose. The following paragraphs set out the major changes.

1.3 Where outdated terminology, job titles, departments or regulations/publications are referenced in the Financial Regulations these have been updated to reflect current terminology/dates.

1.4 Financial limits have not been updated for a significant period of time and are now considered low in comparison with other authorities. The revised limits proposed are deemed more relevant in this financial climate taking into account the extra resource required to maintain these as they currently stand. The limits have been compared to other authorities and, having assessed the risk with amending the limits, the proposals update the limits to be in the region of other local authorities as well as being based on an analysis of the number and value of payments made in these categories. These changes will not impact on the robustness of the Council's systems and processes. In some cases, approval levels have also been revised to reflect the current structure of the Council. The table below shows the comparison across other Local Authorities.

Council	Proposed East Sussex County Council	Brighton and Hove City Council	West Sussex County Council	Surrey County Council	Kent County Council
Write off stocks	Chief Officer up to £10,000, over £10,000 Lead Member Resources.	Not explicit in regulations.	Not explicit in regulations.	Up to £10,000 - Relevant senior leader and the Executive Director for Finance's nominee. Over £10,000 Cabinet.	Director up to £10,000.
Write off debts	Chief Officer up to £5,000. Chief Finance Officer £5,000-£10,000. Lead Member over £10,000.	All – Chief Finance Officer, if considered material, reported to Policy and Resources Committee.	Director of Finance with Director of Law and Assurance up to £15,000. Over £15,000 Cabinet Member for Finance.	Director of Finance up to £10,000. Over £10,000 Cabinet Member in Consultation with Leader.	Director up to £10,000.
Ex Gratia payments	Chief Officer up to £1,000. Chief Finance Officer with Assistant Chief Executive £1,000-£10,000. Lead member over £10,000.	Over £2,500 Chief Finance Officer.	Not explicit in regulations.	Not explicit in regulations.	Director up to £6,000. Over £6,000 Cabinet Member.

1.5 The Capital Programme Management section has been revised to reflect updated governance arrangements which have been introduced to strengthen the management and monitoring of the Capital Programme.

1.6 For future updates, it is proposed that the Financial Regulations are reviewed every three years unless there is a significant restructure or a change in legislation, in such cases the Financial Regulations will be updated in advance of the three year period.

1.7 The Council's Scheme of Delegation will need to be updated following approved amendments to the Financial Regulations. It is proposed that the authority be delegated to the Assistant Chief Executive amend the Scheme.

1.8 The summary of changes incorporated within the Financial Regulations is attached as Appendix 1, and the proposed update to the Financial Regulations (changes shown in blue) are presented in Appendix 2 to this report.

2. Conclusion and reasons for recommendations

2.1 The Governance Committee is asked to consider and recommend the proposed changes to the Financial Regulations set out in Appendix 2 to the County Council for approval and authorise the Assistant Chief Executive to update the Scheme of Delegation accordingly.

Ian Gutsell

Chief Finance Officer

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LOCAL MEMBERS: All

Summary of proposed key changes to Financial Regulations (other minor amendments are shown alongside these in Appendix 2)

Current Financial Regulations	Proposed revised Financial Regulations
	<p>A.1.2 Added to summarise the legislation that the Chief Finance Officer's statutory obligations arise from.</p> <p>The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Council. The statutory duties arise from:</p> <ul style="list-style-type: none"> • Section 151 of the Local Government Act 1972; • The Local Government Finance Act 1988; • The Local Government and Housing Act 1989; • The Local Government Act 2003; • The Accounts and Audit Regulations 2015 • Local Government Pension Scheme Regulations 2013
<p>A.2.5 Each Chief Officer shall consult with the Chief Finance Officer in respect of any matter within his or her responsibilities which contains financial implications for either the revenue budget or capital programme or affects the finances of the Council before any provisional or other commitment is made and before reporting thereon to a Cabinet, Committee, Sub-Committee or Panel. Any report must include the Chief Finance Officer's views as well as those of the appropriate Chief Officer.</p>	<p>A.2.5 Updated to reflect financial input into reports</p> <p>Each Chief Officer shall consult with the Chief Finance Officer in respect of any matter within his or her responsibilities which contains financial implications for either the revenue budget or capital programme or affects the finances of the Council before any provisional or other commitment is made and before reporting thereon to a Cabinet, Lead Member, Scrutiny, Committee, Panel, Board or Forum.</p> <p>Any report must, where the Chief Finance Officer considers appropriate, include their views as well as those of the appropriate Chief Officer. The Chief Finance Officer will engage with Heads of Finance to ensure an appropriate financial view is reflected in relevant Cabinet reports.</p>

Current Financial Regulations	Proposed revised Financial Regulations
<p>A.4</p> <p>A.4.1 In accordance with delegated powers and Accounts and Audit Regulations, the Chief Finance Officer shall maintain adequate and effective arrangements for the internal audit of the Council's accounting records and control systems, to operate in accordance with the Auditing Practices Board's Public Sector Internal Audit Standards (or other relevant) Auditing Guidelines.</p> <p>A.4.2 Internal auditors appointed by the Chief Finance Officer shall, in pursuance of their duties, have the authority under Accounts and Audit Regulations to:</p> <ul style="list-style-type: none"> (i) visit all County Council establishments and premises to carry out audits of their activities; (ii) access, at all times, all property documents and records considered necessary to the audit by the Chief Finance Officer; (iii) require any employee of the County Council to produce cash, stores or any other property of the Council, or to produce the property of persons for whom the Council is responsible which is under his/her control. <p>All officers are required to co-operate with audit enquiries and to provide any information and explanation considered necessary for the audit.</p> <p>A.4.3 Immediately when an officer suspects an irregularity affecting income, expenditure, cash, stores or any other resources of the Council, it is the officer's duty to report the matter to the senior finance manager in the department or if not appropriate, to the Chief Officer of the department who shall promptly inform the Chief Finance Officer. The Chief Finance Officer shall take such steps as are necessary by way of investigation and report.</p>	<p>A.4 updated wording</p> <p>A.4.1 In accordance with delegated powers and The Accounts and Audit Regulations the Chief Finance Officer shall ensure that the Council maintains adequate and effective arrangements for the internal audit of the Council's accounting records and system of internal control.</p> <p>A.4.2. Internal auditors appointed by the Chief Finance Officer shall, in pursuance of their duties, have the authority under Accounts and Audit Regulations to:</p> <ul style="list-style-type: none"> (a) enter any Council premises or land at any reasonable time, without prior notice; (b) have access at all times to all records and documents (including email and correspondence) relevant to the business of the council as maintained by the council or third parties on its behalf including (but not limited to) external contractors and consultants; (c) require and receive any information and explanations considered necessary to the audit; (d) require any employee or agent of the Council to account for assets under his / her control. <p>A.4.3 Should an officer suspect an irregularity affecting income, expenditure,</p>

Current Financial Regulations	Proposed revised Financial Regulations
	<p>cash, stores or any other resources of the Council, it is the officer's duty to immediately report the matter to a Head of Finance, or if not appropriate, to the Chief Officer of the department who shall promptly inform the Chief Finance Officer. The Chief Finance Officer shall take such steps as are necessary by way of investigation and report, the findings to the relevant Chief Officer(s).</p>
<p>A.5.1.2</p> <p>Estimates presented to the Cabinet shall include a report by the Chief Finance Officer on the effects on the finances of the Council. The Cabinet shall consider the estimates presented and the report of the Chief Finance Officer, make such amendments as it deems necessary to the estimates, and recommend the level of the precept for the Council's approval.</p>	<p>A.5.1.2 Updated to reflect MTFP and updated reporting</p> <p>A Medium Term Financial Plan shall be produced setting out the Council's government and local funding, the service budgets and any other known funding, commitments or pressures for a three year rolling period.</p> <p>Estimates presented to the Cabinet shall include a report on the effects on the finances of the Council. The Cabinet shall consider the estimates presented and the report and make such amendments as it deems necessary to the estimates, and recommend the level of the precept for the Council's approval.</p>
	<p>A.5.1.3 Added to include process of dealing with additional income</p> <p>For additional income, e.g. one-off grants, the Chief Finance Officer, with reference to the relevant grant determination, and in consultation with the Corporate Management Team, will determine whether the grant should be held corporately or passed to the relevant department within the MTFP. Additional income received in year from grants and other sources will be stated in subsequent reports, and, following determination by the Chief Finance Officer, treated as an underspend.</p>
	<p>A.5.1.6 replaced by A.5.1.7 to reflect other forms of service delivery</p>

Current Financial Regulations	Proposed revised Financial Regulations
<p>A.5.1.6 Where a Chief Officer is responsible for a direct service organisation, he/she shall prepare an annual report and accounts for the previous financial year for that organisation, in association with the Chief Finance Officer and in accordance with any legislative requirements. The annual report and accounts shall be completed as soon as practicable after the year end but not later than six months after the end of the financial year.</p>	<p>A.5.1.7 Where forms of service delivery other than those directly provided by the Council are to be used e.g. a trading organisation or a direct service organisation, these Financial Regulations would need to be reviewed and updated to ensure the adequacy and robustness of this service delivery.</p>
<p>A.5.2.3 Earmarked revenue budget income, received for a specific purpose, may be spent for the purpose it was received so long as the expenditure will not cause additional commitments for future years. Where commitments do arise, the approval of the Cabinet must be obtained.</p>	<p>A.5.2.3 expanded to add Chief Finance Officer responsibility</p> <p>A.5.2.3 Earmarked revenue budget income, received for a specific purpose, may be spent for the purpose it was received so long as the Chief Finance Officer confirms that the purpose for which it is proposed it will be spent is in accordance with the purpose for which it was earmarked, and expenditure will not cause additional commitments for future years. Where commitments do arise, the approval of the Cabinet must be obtained.</p>
<p>A.5.2.5 In accordance with the Code of Practice on Prudential Approach to Local Authority Commitments, each year the Chief Finance Officer shall prepare a report incorporating the assessment of commitments for the next three years or such other period as may be prescribed.</p>	<p>A.5.2.5 Removed as replaced by MTFP – see A.5.1.2</p>
<p>Capital Programme Management</p> <p>A.5.3.2 Capital projects shall be incorporated in a Capital Programme for consideration by the Council, in conjunction with the annual revenue budget process detailing the phasing of expenditure on such projects and the full year revenue cost associated with each project, and having regard to the level of available resources.</p>	<p>A5.3 updated to reflect proposed updates to practice and governance arrangements</p> <p>Capital Programme Management</p> <p>A.5.3.2 The Government places controls on the financing capacity of the Council. This means that capital expenditure should: form part of a programme; be carefully prioritised in order to comply with the Council Plan; maximise the benefit of scarce resources and comply with CIPFA's Prudential Code for Capital Finance in Local Authorities</p>

Current Financial Regulations	Proposed revised Financial Regulations
<p>The first year of the plan will form the approved capital budget for the forthcoming financial year.</p> <p>A.5.3.3 Prior to the approval by the Council of a Capital Programme each year, Chief Officers, jointly with the Chief Finance Officer, shall prepare financial appraisals of all projects to be put forward for inclusion in the Capital Programme.</p> <p>A.5.3.4 Subject to paragraphs A.5.3.5 and A.5.3.6 below, no expenditure shall be incurred on capital projects which is not included in the approved Capital Programme and no contracts entered into or tender accepted unless any necessary government approvals and borrowing powers have been received, and resources approved in accordance with these Regulations.</p> <p>A.5.3.5 The Capital Programme may be varied with the agreement of the Chief Finance Officer, if no additional commitments for future years are incurred, in the following circumstances:</p> <p>(a) where budget provision is transferred to capital expenditure financed from revenue account (CERA) in accordance with Regulation A.13 (Financial Limits) below</p> <p>(b) where earmarked capital receipts are spent for the purpose they were received, provided that capital resources are enhanced by the amount received and that the capital receipts are received either before the payments are made, or within the same financial year.</p> <p>For all other proposals that vary the Capital Programme, the approval of the Cabinet must be obtained.</p> <p>A.5.3.6 Capital payments must be contained within the individual provisions in the approved Capital Programme. Where over</p>	<p>(2013).</p> <p>A.5.3.3 A Capital Strategic Asset Board (CSAB) is in place to review and scrutinise the Capital Programme and to recommend business cases for inclusion in the Capital Programme. The membership of the CSAB includes senior officers from each service department, as well as Property, Finance and Procurement. The Chair of the CSAB is the Chief Operating Officer.</p> <p>A.5.3.4 Capital projects shall be incorporated in a Capital Programme for consideration by Full Council, in conjunction with the annual revenue budget process detailing the phasing of expenditure on such projects and the full year revenue cost associated with each project, and having regard to the level of available resources.</p> <p>A.5.3.5 The programme will be managed through governance processes agreed annually, and the need to prioritise projects for inclusion in the Capital Programme, should resources allow. Prior to the approval by the Council of a Capital Programme each year, Chief Officers, jointly with the Chief Finance Officer, shall prepare financial appraisals of all projects to be put forward for inclusion in the Capital Programme, supported by justification and including appropriate documents. This will be based on recommendations from the CSAB.</p> <p>A.5.3.6 The Chief Finance Officer, will determine the resources available for the Capital Programme, taking into</p>

Current Financial Regulations	Proposed revised Financial Regulations
<p>and underspendings arise because of slippage and there is no effect on the availability of capital resources, equivalent adjustments will be made to the following year's programme. Where overspendings compared to the annual provisions in the capital programme arise, which are not the result of slippage, departments must report the figures to the Chief Finance Officer, together with proposals for equivalent savings from other approved projects.</p> <p>A.5.3.7 Capital schemes shall not be changed without the approval of the and any consequent increase in the cost of the scheme shall be contained within the relevant Department's approved Capital Programme. Any significant alteration to the size, content or specification of a scheme which increases the cost by 10% or more, must be reported in a timely manner to the Cabinet.</p> <p>A.5.3.8 If a tender price exceeds the Capital Programme provision, then provision may be transferred from one approved project to another. (b) If such a transfer is not possible then the approval of the Cabinet must be obtained before the tender is accepted.</p> <p>A.5.3.9 The final cost of each capital scheme chargeable against the Capital Programme shall be reported by the</p>	<p>consideration the availability of reserves and balances, funding from other bodies and the affordability of borrowing.</p> <p>A.5.3.7 Subject to paragraphs A.5.3.8, A.5.3.10 and A.5.3.11 below, no expenditure shall be incurred on capital projects which is not included in the approved Capital Programme and no contracts entered into or tender accepted unless any necessary government approvals and borrowing powers have been received, and resources approved in accordance with these Regulations.</p> <p>A.5.3.8 The Capital Programme may be varied with the agreement of the Chief Finance Officer, if no additional commitments for future years are incurred, in the following circumstances:</p> <p>(a) where budget provision is transferred to capital expenditure financed from revenue account (CERA) in accordance with Regulation A.13 (Financial Limits) below or the recommended use of the capital risk provision by CSAB.</p> <p>(b) where earmarked capital receipts and grants or other specific funding are spent for the purpose they were received, provided that capital resources are enhanced by the amount received and that the capital receipts are received either before the payments are made, or within the same financial year.</p> <p>For all other proposals that vary the Capital Programme, the approval of the Cabinet must be obtained subject to A.5.3.11 below.</p> <p>A.5.3.9 The scope of capital schemes shall not be changed without the approval of the Cabinet unless under 10% variation to cost.</p>

Current Financial Regulations	Proposed revised Financial Regulations
<p>appropriate Chief Officer to the Cabinet if the cost exceeds the provision in the Capital Programme by 10% or more, as soon as possible after completion together with explanations for variances from the estimated cost.</p> <p>A.5.3.10 The Chief Finance Officer will report on the outturn of capital expenditure to the Cabinet as soon as practicable after the end of the financial year.</p>	<p>Any significant alteration to the size, content or specification of a scheme which increases the cost by 10% or more, must be reported in a timely manner to the Cabinet. Variations within 10% of a project's total current budget can be agreed by the Chief Finance Officer, where funding has been identified (as outlined in A.5.3.8 above). This should be done in line with CSAB working processes and with current variation policy and guidance.</p> <p>A.5.3.10 A capital risk provision is held to mitigate the risks associated with having a Capital Programme. These include inflationary pressures on construction costs, uncertainty regarding delivery of projects, still unknown requirements, the uncertainty regarding the level of Government grants and risks associated with Brexit. The level of the capital risk provision is to be determined annually by the Chief Finance Officer after considering financial risk. The Chief Finance Officer, in consultation with the CSAB, can approve use of this provision on individual projects, the use of which will be reported to Cabinet as part of the RPPR process.</p> <p>A.5.3.11 Capital payments must be contained within the individual provisions in the approved Capital Programme. Where there is a variation prior to CSAB, the Chief Finance Officer should review and agree the proposal for dealing with the variation in consultation with the appropriate CSAB representative.</p> <p>A.5.3.12 Where slippage into future years occurs on a project and there is no effect on the availability of capital resources, these should be reported to CSAB at the earliest available opportunity as part of quarterly monitoring and equivalent adjustments will be made to the following year's programme as part of the wider RPPR process.</p> <p>A.5.3.13 Where overspends compared to the annual provisions in the Capital Programme arise, departments must report the figures to the CSAB, together with proposals for funding the overspend in line with A.5.3.11.</p> <p>A.5.3.14 Where underspends occur these</p>

Current Financial Regulations	Proposed revised Financial Regulations				
	<p>must be reported to the CSAB who again will make recommendations on the use of the underspend to the Chief Finance Officer for approval.</p> <p>A.5.3.15 If a tender price exceeds the Capital Programme provision, then this should be raised at CSAB in line with A.5.3.11.</p> <p>A.5.3.16 The final cost of each capital scheme chargeable against the Capital Programme shall be reported by the appropriate Chief Officer to the Cabinet if the cost exceeds the provision in the Capital Programme by 10% or more, as soon as possible after completion together with explanations for variances from the estimated cost.</p> <p>A.5.3.17 The Chief Finance Officer will report on the outturn of capital expenditure to the Cabinet as soon as practicable after the end of the financial year.</p>				
<p>A.6.2 Each year, Chief Officers in association with the Chief Executive shall prepare a staffing report containing information on the number and composition of the County's workforce, changes during the previous twelve months and a forecast of the staffing budget for the year ahead.</p>	<p>A.6.2 Removed as no longer required</p>				
<p>A.13.1 <u>Budget Limits</u></p> <p>- Revenue Budget Transfers and Supplementary Estimates</p> <p>A.13.1.1 For each vote number within the approved revenue budget, the following sums (subject to Financial Regulation A.13.1.2 below) may be transferred in each financial year from one heading to another by the Chief Officer concerned:</p> <p>- <u>If the budget is £1m or less</u>: 20% of the budget or £50,000 (whichever is the lower), NB. Where this transfer is to Capital Expenditure financed from Revenue Account (CERA), the capital programme can be varied with the approval of the Chief Finance Officer (refer to financial Regulation A5.3.5</p>	<p>A.13.1 Table added to include limits, Budget transfer limits updated.</p> <p>A.13.1 <u>Budget Limits</u></p> <p>- Revenue Budget Transfers</p> <p>A.13.1.1 The following levels of approval apply to budget transfers and journals:</p> <table border="1" data-bbox="858 1608 1407 2031"> <thead> <tr> <th>Action</th><th>Approval required</th></tr> </thead> <tbody> <tr> <td>General Budget Transfers (across Departmental budgets)</td><td>Up to £1m between service area should be authorised by a Head of Finance or above. Between £1 and £5m between service areas should be authorised by the Chief Finance</td></tr> </tbody> </table>	Action	Approval required	General Budget Transfers (across Departmental budgets)	Up to £1m between service area should be authorised by a Head of Finance or above. Between £1 and £5m between service areas should be authorised by the Chief Finance
Action	Approval required				
General Budget Transfers (across Departmental budgets)	Up to £1m between service area should be authorised by a Head of Finance or above. Between £1 and £5m between service areas should be authorised by the Chief Finance				

Current Financial Regulations	Proposed revised Financial Regulations	
<p>above). In respect of LMS school budgets, so long as an overspending is not caused, the Chief Finance Officer may approve expenditures over £50,000 to be included in the capital programme.</p> <p>- If the budget is greater than £1m: 5% of the budget or £100,000 (whichever is the lower)</p>		Officer and relevant Chief Officer(s). Over £5m should be authorised by Cabinet.
	General Budget Transfers (within departmental budgets)	With agreement of budget manager(s)
	Technical Budget Transfers (e.g. budget transfers to comply with proper accounting practices)	Chief Finance Officer
	Administrative budget transfers (e.g. already approved by Full Council or Schools Forum)	Chief Finance Officer
	Journals	<p>Journals over £1m must be authorised by a Finance Manager or above.</p> <p>Exceptions: Pension Management, Capital Finance and Treasury Management where the regular reconciliation of borrowing and investment codes indicate that there is adequate control over the detailed transactions.</p>
	Capital Expenditure financed from Revenue Account	In line with the capital variation process (see A.5.3.8 and A.5.3.9 above).

Current Financial Regulations	Proposed revised Financial Regulations		
<p>A.13.1.2 If the Council is committed to additional expenditure in future years, no transfer will be permitted unless approved by the Cabinet.</p> <p>A.13.1.3 All other proposals for transfer and supplementary estimates will require the approval of the, unless a significant change to an existing policy, or the development of a new policy is involved, when the approval of County Council will be required.</p>	<table border="1" data-bbox="858 203 1412 241"> <tr> <td data-bbox="858 203 1106 241">(CERA)</td><td data-bbox="1106 203 1412 241"></td></tr> </table> <p>A.13.1.2 If the Council is committed to additional expenditure in future years, no budget transfer over £5m will be permitted unless approved by the Cabinet. All other transfers should be in line with the table above.</p> <p>A.13.1.3 If there is a significant change to an existing policy, or the development of a new policy the approval of Cabinet/ County Council will be required.</p>	(CERA)	
(CERA)			
<p>Revenue Budget Under/ Overspendings</p> <p>A.13.1.5 Unless subject to local financial management or delegated budget schemes, underspendings may be carried forward to the following financial year:</p> <ul style="list-style-type: none"> - <u>If the budget is £1m or less</u>: 20% of the budget or £50,000 (whichever is the lower). - <u>If the budget is greater than £1m</u>: 5% of the budget or £100,000 (whichever is the lower). <p>A.13.1.6 Local management schemes and schemes of delegation shall be permitted to carry forward underspendings in accordance with their approved schemes.</p> <p>A.13.1.7 Where overspendings occur, these must first be offset against underspendings or deducted from the following year's budget unless the approval of the Cabinet to other action has been obtained.</p> <p><i>(Note - supplementary estimates should be taken into account when determining overspendings at the year end, but not for determining underspendings. Therefore supplementary estimates and their related expenditure will be deducted before carry forwards of underspendings are determined.)</i></p>	<p>- Revenue Budget Under/ Overspendings</p> <p>A.13.1.5 Unless ring-fenced for a specific purpose, requests for underspendings to be used for a particular purpose will be considered by the Chief Executive in consultation with the Chief Finance Officer and Chief Officers as part of the Pressures Protocol during the RPPR process.</p> <p>A.13.1.6 Where overspendings occur, these must first be offset against underspendings unless another course of action has been approved by the Cabinet</p>		

Current Financial Regulations	Proposed revised Financial Regulations
<p>A.13.2 Control of Contracts</p> <p>A.13.2.1 Where during the currency of a contract valued at £50,000 or more, it becomes apparent that expenditure against the contract will exceed the contract value by 10% or more, other than as a result of a price fluctuation clause, the Chief Officer, in consultation with the Chief Finance Officer, shall present a full report to the next practicable meeting of Cabinet.</p>	<p>A.13.2 Control of Contrats – update value</p> <p>A.13.2.1 Where during the currency of a contract valued at £500,000 or more, it becomes apparent that expenditure against the contract will exceed the contract value by 10% or more, other than as a result of a price fluctuation clause, the Chief Officer, in consultation with the Chief Finance Officer, shall present a full report to the next practicable meeting of Cabinet.</p>

Current Financial Regulations	Proposed revised Financial Regulations
<p>A.13.3 Ex-Gratia Payments</p> <p>A.13.3.1 Chief Officers may authorise ex-gratia payments up to £500. Ex-gratia payments in excess of £2,500 shall only be authorised by the Cabinet.</p> <p>A.13.3.3 The Director of Adult Social Care may authorise ex-gratia payments of up to £1,000 where justified under the Adult Social Care Department's complaints procedure.</p>	<p>A.13.3 Ex-Gratia Payments – updated values and approval levels</p> <p>A.13.3.1 Chief Officers may authorise ex-gratia payments up to £1,000. Ex-gratia payments in excess of £10,000 shall only be authorised by Lead Member Resources.</p>
<p>A.13.4.1 The write-off of debts below £1,000 may be authorised by the Chief Officer. The write-off of debts in excess of £2,500 shall only be authorised by the Cabinet</p>	<p>A.13.4 Write Off of Debts – updated values and approval levels</p> <p>A.13.4.1 The write-off of debts below £5,000 may be authorised by a Chief Officer. The write-off of debts in excess of £10,000 shall only be authorised by Lead Member for Resources.</p>
<p>A.13.5.1 No deficiency which occurs in excess of £2,500 shall be written off by a Chief Officer without the prior approval of the Cabinet.</p>	<p>A.13.5 Write Off of Stocks and Stores - update values</p> <p>A.13.5.1 No deficiency which occurs in excess of £10,000 shall be written off by a Chief Officer without the prior approval of Lead Member Resources.</p>
<p>A.13.6.1 No payment in advance of £500 or more shall be made without the prior approval of the Chief Finance Officer. Payments in advance of less than £500 can only be made in circumstances prescribed by Standard Financial Procedures.</p>	<p>A.13.6 Payment of Accounts – updated values and approval levels</p> <p>A.13.6.1 For non-Schools: All payments in advance over £25,000 can only be made with prior approval of the Chief Finance Officer.</p> <p>Payments in advance between £15,000 and £25,000 shall be authorised by a Head of Finance or above.</p> <p>Payments in advance of less than £15,000 shall be authorised by a Finance Manager or above.</p> <p>A.13.6.2 For Schools:</p> <p>Payments under £500 shall be authorised by the Chair of Governors and a record kept</p>

Current Financial Regulations	Proposed revised Financial Regulations
	<p>at the school.</p> <p>Payments in advance between £500 and £4,999 shall be authorised by a Schools Finance Principal Finance Officer.</p> <p>Payments in advance between £5,000 and £14,999 shall be authorised by the Schools Accountant.</p> <p>Payments in advance greater than £15,000 shall be authorised by the Head of Finance for Children's Services and Schools Finance or above.</p>
	<p>A.14 – Added to include Fees and charges in Financial Regulations</p> <p>A.14 Fees and Charges</p> <p>A.14.1 The Chief Finance Officer has delegated authority to set all fees and charges and to report to report on those set at a level above inflation as part of quarterly monitoring to Cabinet and through Reconciling Policy, Performance and Resources.</p>
	<p>A.15 Added to include Reserves in Financial Regulations</p> <p>A.15 Reserves</p> <p>A.15.1 It is the responsibility of the Chief Finance Officer to advise the Cabinet and/or the Council on prudent levels of reserves for the Authority, having regard to assessment of the financial risks facing the Authority. This duty is set out in Section 25 of the Local Government Act 2003.</p> <p>A.15.2 As stated in the Council's Reserves Policy, in reviewing medium-term financial plans and preparing annual budgets, the Council will consider the establishment and maintenance of reserves for the general fund. The nature and level of reserves will be determined formally by the Council, informed by the judgement and advice of the Chief Finance Officer (CFO).</p> <p>A.15.3 The Council's Reserves Policy will be reviewed annually and reported and</p>

Current Financial Regulations	Proposed revised Financial Regulations
	approved.
	<p>A.16 Added to include Value Added Tax and Income Tax to Financial Regulations (taken from Standard financial Procedures).</p> <p>A.16 VALUE ADDED TAX (VAT) AND INCOME TAX</p> <p>A.16.1 Chief Officers are responsible for ensuring the correct financial management of VAT and Income Tax, in respect of both income and expenditure, following the guidance issued by the Chief Finance Officer. The Chief Finance Officer is responsible for providing advice to Chief Officers on the potential tax implications of any new initiatives for the delivery of Council activity and Services, including those that could impact on the partial exemption position.</p> <p>A.16.2 The Chief Finance Officer is responsible for the Council's VAT returns and Income Tax to HM Revenue and Customs. All communication with HM Revenue and Customs for the Council shall be co-ordinated through the Chief Finance Officer or delegated officer.</p> <p>A.16.3 Chief Officers should seek financial advice from the Chief Finance Officer on any VAT or Income Tax issues. If, following this advice, there is misdirection, or other penalty, this will be the responsibility of the relevant Chief Officer and it will be charged to the relevant budget, unless it results from incorrect guidance from the Chief Finance Officer. Chief Officers are responsible for obtaining necessary VAT receipts.</p>

Financial Procedure Rules

The rules, more commonly referred as the Council's Financial Regulations and Standard Financial Procedures, provide a framework of control, responsibility and accountability for the administration of the Council's financial affairs.

SUMMARY OF CONTENTS

- A.1 Introduction
- A.2 General Financial Management
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- A.4 Audit Arrangements
- A.5 Control of Financial Budgets
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- A.8 Control of Contracts
- A.9 Banking Arrangements
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- A.13 Financial Limits
- A.14 Fees and Charges
- A.15 Reserves
- A.16 Value Added Tax (VAT) and Taxation

A.1. INTRODUCTION

- A.1.1 The purpose of Financial Regulations is to provide a framework of control, responsibility and accountability for the proper administration of the Council's financial affairs, to enable the Chief Executive and Head of Paid Service, the Chief Finance Officer and all Chief Officers to carry out their statutory duties.
- A.1.2 The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Council. The statutory duties arise from:
- Section 151 of the Local Government Act 1972;
 - The Local Government Finance Act 1988;
 - The Local Government and Housing Act 1989;
 - The Local Government Act 2003;
 - The Accounts and Audit Regulations 2015
 - Local Government Pension Scheme Regulations 2013
- A.1.3 Under Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988, the Chief Finance Officer is responsible for the proper administration of the Council's financial affairs and is required to report to the County Council, Cabinet and external auditor if ~~where he/she believes~~ the Council or an officer is likely to make a decision or take a course of action which:
- (i) Would lead to unlawful expenditure, or
 - (ii) Is likely to cause a loss or deficiency to the authority, or where
 - (iii) The Council's expenditure is likely to exceed significantly the available resources.
- A.1.4 In addition, Financial Regulations have an important role in establishing a sound system of corporate governance for the County Council and also in supporting the County Council's Anti-Fraud and Corruption Strategy. Chief Officers have individual and collective responsibility to ensure that the fundamental principles as established by the Cadbury Report on "the financial aspects of corporate governance", namely openness, integrity, and accountability, are established through compliance with Financial Regulations.
- A.1.5 Financial Regulations are deemed to be part of the Constitution and Standing Orders in so far as they relate to the conduct of business in Council, Cabinet, Lead Member, Scrutiny, Committees, and Panels, Boards and Forums. A full list of Committees and Meetings can be found [here](https://democracy.eastsussex.gov.uk/mgListCommittees.aspx?bcr=1). [https://democracy.eastsussex.gov.uk/mgListCommittees.aspx?bcr=1] Cabinet means a formal meeting of the Cabinet, meeting as a committee, convened in accordance with the access to information provisions of the Local Government Act 1972.
- A.1.6 Financial Regulations endorse the Chartered Institute of Public Finance and Accountancy statement "The Role of the Chief Financial Officer in Financial Administration in Local Government" issued in ~~December 1993~~ April 2016 in respect of the role of the Chief Finance Officer.

- A.1.7 Financial Regulations outline the system of financial administration to be operated within the Council, and it shall be the responsibility of the Council and Chief Officers to ensure that they are observed. Where the Council has allocated powers to Members and Chief Officers, these shall be exercised in accordance with Financial Regulations.
- A.1.8 Local management schemes have been approved for ~~Schools Social Services and Education, including Community Education and the Education Advisory and Inspection Service~~. These shall have effect subject to the overall authority of these Financial Regulations. The Chief Finance Officer may approve changes to any more detailed financial regulations within approved local management schemes, again subject to their compliance with these Financial Regulations.
- A.1.9 These Financial Regulations are subject to Accounts and Audit Regulations (~~1996~~ 2015 or subsequent) issued by Government under S23 of the Local Government Finance Act 1982~~8~~. Accounts and Audit Regulations establish statutory provisions for accounting arrangements, for audit arrangements and for financial control within the County Council.

A.2 GENERAL FINANCIAL MANAGEMENT

- A.2.1 To enable the Chief Finance Officer to carry out his/her statutory duties, each Chief Officer must provide such information as requested within any reasonable timescale set.
- A.2.2 Copies of notifications from Government Departments including consents, approvals, regulations, circulars, letters, etc. in any way relating to finance shall be forwarded by Chief Officers immediately to the Chief Finance Officer.
- A.2.3 Notices of all meetings and copies of all agenda, reports and minutes of Cabinet, Committees, Sub-Committees and Panels shall be sent to the Chief Finance Officer as soon as they are available.
- A.2.4 The Chief Finance Officer shall be the chief financial adviser to the Council and shall keep the Council informed of the financial implications of all new policies and changes of policy.
- A.2.5 Each Chief Officer shall consult with the Chief Finance Officer in respect of any matter within his or her responsibilities which contains financial implications for either the revenue budget or capital programme or affects the finances of the Council before any provisional or other commitment is made and before reporting thereon to a Cabinet, ~~Lead Member, Scrutiny, Committee, Sub-Committee~~ Panel, Board or Forum. Any report must, where the Chief Finance Officer considers appropriate include their views as well as those of the appropriate Chief Officer. The Chief Finance Officer engages with Heads of Finance to ensure an appropriate financial view is reflected in relevant Cabinet reports.
- A.2.6 The Chief Finance Officer, with his/her statutory responsibilities and also with his/her Head of Profession role for Finance, issues a set of Standard Financial Procedures to establish sound practice and to assist him/her and other Chief

Officers in their responsibilities. Standard Financial Procedures have the same authority as Financial Regulations. In particular:

- All payments shall be made in accordance with Standard Financial Procedures or other arrangements formally approved by the Chief Finance Officer.
- The payment of all salaries, wages, pensions, compensation and other emoluments to all employees or former employees shall be made in accordance with Standard Financial Procedures or other arrangements formally approved by the Chief Finance Officer.
- The collection of all income due to the Council shall be in accordance with Standard Financial Procedures or other arrangements formally approved by the Chief Finance Officer.

A.2.9 Chief Officers are responsible for the operation of sound financial procedures within their Department and in order to fulfil this duty they shall ensure that adequate controls are in place.

A.2.10 For this purpose, Chief Officers may issue ~~Handbooks and~~ Work Procedures in accordance with Standard Financial Procedures. The Chief Finance Officer may vary Standard Financial Procedures in accordance with the needs of individual departments. Provided he/she is satisfied that all necessary controls are met, the Chief Finance Officer may agree to variations proposed by Chief Officers. Agreed variations must be properly recorded.

A.2.11 The general regulatory hierarchy of the Council's Constitution may therefore be described as follows:

Procurement Standing Orders	Approved by County Council
Financial Regulations	Approved by County Council
Standard Financial Procedures	Approved by Chief Finance Officer
Handbooks/ Work Procedures	Approved by Chief Officers

A.2.12 Where a Chief Officer delegates his/her powers to staff in accordance with a scheme of delegation, a record including appropriate authorisation of such delegation shall be maintained by the Chief Officer concerned.

A.2.13 Heads of ~~Resources—Finance~~ and designated financial managers ~~in all departments~~ shall be accountable to the Chief Finance Officer as Head of Profession on financial matters and shall act in support of his/her Section 151 role.

A.2.14 The ~~Deputy Chief Finance Officer—S151 Officer~~ shall perform the statutory and Head of Profession functions in the absence of the Chief Finance Officer.

A.3 ACCOUNTING ARRANGEMENTS

A.3.1 Chief Officers are responsible for the operation of financial processes within their Department and in consultation with the Chief Finance Officer ~~Resources~~ shall ensure that adequate controls are in place.

- A.3.2 Central accounting systems, financial accounts and supporting records shall be determined by the Chief Finance Officer in accordance with the Accounts and Audit Regulations and other Accounting Codes and Standards. It shall be the responsibility of the Chief Finance Officer to ensure that such accounts and systems are kept up to date either through the staff under his/her control or other appointed agents.
- A.3.3 Financial systems, as determined by the Chief Finance Officer that record, monitor or control financial transactions, and that are developed locally within departments, shall be developed in consultation with the Chief Finance Officer and managed in accordance with principles of reconciliation and other guidelines issued by the Chief Finance Officer.
- A.3.4 Chief Officers shall maintain full and accurate records in order to supply the Chief Finance Officer with such financial and statistical information as he/she shall require to enable him/her to report fully and accurately on the finances of the Council.
- A.3.5 The Chief Officers shall ensure that the principles of internal control within all operations are maintained at least to a standard required by the Chief Finance Officer, from whom advice may be sought. In particular, the following principles shall be observed in connection with accounting systems:
- (a) the duties of providing information regarding sums due to or from the Council and of calculating, checking and recording those sums shall be separated as completely as possible from the duty of collecting or disbursing them;
 - (b) officers charged with the duty of examining and checking the accounts of financial transactions shall not themselves be engaged in any of these transactions.
- A.3.6 Where it is a requirement of the awarding body, or where the Chief Finance Officer requires it, before claims for grant or reimbursement are submitted to any government department or other body they shall be sent to the Chief Finance Officer for examination and certification.
- A.3.7 ~~Applications for bid finance including for Private Finance Initiative (PFI) Schemes~~ Bids for external funding shall be prepared in accordance with guidelines issued by, or in consultation with, the Chief Finance Officer and the External Funding Protocol. Where required, before applications are submitted to any government or other body, they shall be sent to the Chief Finance Officer for examination and to confirm that financial implications have been fully assessed.
- A.3.8 Chief Officers shall consult the Chief Finance Officer to the County Council entering any formal or legally binding Partnership arrangement. Chief Officers shall ensure that an adequate technical and financial appraisal of all partners is undertaken. Financial appraisals shall be undertaken in consultation with the Chief Finance Officer.

A.4 AUDIT ARRANGEMENTS

A.4.1 In accordance with delegated powers and The Accounts and Audit Regulations, the Chief Finance Officer shall ensure that the Council maintains adequate and effective arrangements for the internal audit of the Council's accounting records and system of internal control systems, ~~to operate in accordance with the Auditing Practices Board's Public Sector Internal Audit Standards (or other relevant) Auditing Guidelines.~~

A.4.2 Internal auditors appointed by the Chief Finance Officer shall, in pursuance of their duties, have the authority under Accounts and Audit Regulations to:

- (a) enter any Council premises or land at any reasonable time, without prior notice;
- (b) have access at all times to all records and documents (including email and correspondence) relevant to the business of the council as maintained by the council or third parties on its behalf including (but not limited to) external contractors and consultants;
- (c) require and receive any information and explanations considered necessary to the audit;
- (d) require any employee or agent of the Council to account for assets under his / her control.
 - ~~(i) visit all County Council establishments and premises to carry out audits of their activities;~~
 - ~~(ii) access, at all times, all property documents and records considered necessary to the audit by the Chief Finance Officer;~~
 - ~~(iii) require any employee of the County Council to produce cash, stores or any other property of the Council, or to produce the property of persons for whom the Council is responsible which is under his/her control.~~

~~All officers are required to co-operate with audit enquiries and to provide any information and explanation considered necessary for the audit.~~

A.4.3 Should an officer suspect ~~Immediately when an officer suspects~~ an irregularity affecting income, expenditure, cash, stores or any other resources of the Council, it is the officer's duty to immediately report the matter to ~~the senior finance manager in the department~~ a Head of Finance, or if not appropriate, to the Chief Officer of the department who shall promptly inform the Chief Finance Officer. The Chief Finance Officer shall take such steps as are necessary by way of investigation and report the findings to the relevant Chief Officer(s).

A.4.4 Chief Officers are responsible for ensuring that all employees are informed of the County Council's Anti-Fraud and Corruption Strategy and that copies of the Policy Statement and Code of Conduct for Employees documents are provided to all new employees.

A.5 CONTROL OF FINANCIAL BUDGETS

- Budget Process – Reconciling Policy, Performance and Resources (RPPR)
- The Medium Term Financial Plan
- Revenue Budget Management
- Capital Programme Management

A.5.1 Budget Process

A.5.1.1 Chief Officers and the Chief Finance Officer shall jointly prepare departmental annual estimates for both revenue and capital expenditure for the coming financial year for presentation to the Cabinet during the December/January cycle of meetings. The estimates shall be in a form agreed and notified by the Chief Finance Officer and be in accordance with any criteria set by the Council. Where a scheme of delegated financial management has been developed and approved by the Council, detailed estimates shall be prepared in accordance with the scheme.

A.5.1.2 A Medium Term Financial Plan shall be produced setting out the Council's government and local funding, the service budgets and any other known funding, commitments or pressures for a three year rolling period.

Estimates presented to the Cabinet shall include a report ~~by the Chief Finance Officer~~ on the effects on the finances of the Council. The Cabinet shall consider the estimates presented and the report ~~of the Chief Finance Officer~~, and make such amendments as it deems necessary to the estimates, and recommend the level of the precept for the Council's approval.

A.5.1.3 For additional income, e.g. one-off grants, the Chief Finance Officer, with reference to the relevant grant determination, and in consultation with the Corporate Management Team, will determine whether the grant should be held corporately or passed to the relevant department within the MTFP. Additional income received in year from grants and other sources will be stated in subsequent reports, and, following determination by the Chief Finance Officer, treated as an underspend.

A.5.1.4 During each financial year, Chief Officers shall submit revenue budget and capital programme monitoring information to the Chief Finance Officer in a format and at such intervals as may be agreed.

A.5.1.5 The Chief Finance Officer will report on the outturn of expenditure and income to the Cabinet as soon as practicable after the end of the financial year.

A.5.1.6 The Chief Finance Officer will certify that the Statement of Accounts has been prepared in accordance with Accounts and Audit Regulations 2015 and that the Statement represents fairly the financial position of the County Council. The Chief Finance Officer will submit the Statement of Accounts to the Cabinet for approval not later than ~~six~~ four months after the end of the financial year.

~~A.5.1.6 Where a Chief Officer is responsible for a direct service organisation, he/she shall prepare an annual report and accounts for the previous financial year for~~

~~that organisation, in association with the Chief Finance Officer and in accordance with any legislative requirements. The annual report and accounts shall be completed as soon as practicable after the year end but not later than six months after the end of the financial year.~~

- A.5.1.7 Where forms of service delivery other than those directly provided by the Council are to be used e.g. a trading organisation or a direct service organisation, these Financial Regulations would need to be reviewed and updated to ensure the adequacy and robustness of this service delivery.

A.5.2 Revenue Budget Management

- A.5.2.1 Chief Officers shall be responsible for managing and directing resources to achieve the objectives of the budget. This will involve monitoring expenditure and income and the regular review of performance. Where budgets are delegated to local financial managers ("budget managers"), the budget managers are charged with the same responsibility.

- A.5.2.2 No expenditure shall be incurred which is not covered by an approved budget. If a Chief Officer is of the opinion that a budget will be or is likely to be overspent he/she must inform the Chief Finance Officer. The Chief Officer, in consultation with the Chief Finance Officer, will seek any necessary supplementary estimate or approval to commit additional expenditure in future years from the Cabinet.

- A.5.2.3 Earmarked revenue budget income, received for a specific purpose, may be spent for the purpose it was received so long as the Chief Finance Officer confirms that the purpose for which it is proposed it will be spent is in accordance with the purpose for which it was earmarked, and expenditure will not cause additional commitments for future years. Where commitments do arise, the approval of the Cabinet must be obtained.

- A.5.2.4 As part of the approved budget, a contingency provision may be approved each year by the Council. Once approved, allocations will only be made from the contingency provision under the direction of the Chief Finance Officer and in accordance with the approved purposes of the contingency.

- ~~A.5.2.5 In accordance with the Code of Practice on Prudential Approach to Local Authority Commitments, each year the Chief Finance Officer shall prepare a report incorporating the assessment of commitments for the next three years or such other period as may be prescribed.~~

- A.5.2.5 Revenue Budget transfers and under/overspending carry forwards shall be in accordance with the procedures set out in Regulation A.13 (Financial Limits).

- A.5.2.6 Surpluses earned by direct service organisations of the Council shall only be used for purposes approved by the Cabinet.

A5.3 Capital Programme Management

- A.5.3.1 Capital expenditure, as defined in the Local Authorities (Capital Finance) Regulations 1990, or in such subsequent Regulations as may succeed these, will be considered for inclusion within the approved Capital Programme. The Chief

Finance Officer will periodically review and issue a minimum threshold value below which projects cannot be charged to capital.

- A.5.3.2 The Government places controls on the financing capacity of the Council. This means that capital expenditure should: form part of a programme; be carefully prioritised in order to comply with the Council Plan; maximise the benefit of scarce resources and comply with CIPFA's Prudential Code for Capital Finance in Local Authorities (2013).
- A.5.3.3 A Capital Strategic Asset Board (CSAB) is in place to review and scrutinise the Capital Programme and to recommend business cases for inclusion in the Capital Programme. The membership of the CSAB includes senior officers from each service department, as well as Property, Finance and Procurement. The Chair of the CSAB is the Chief Operating Officer.
- A.5.3.4 Capital projects shall be incorporated in a Capital Programme for consideration by ~~the~~ Full Council, in conjunction with the annual revenue budget process detailing the phasing of expenditure on such projects and the full year revenue cost associated with each project, and having regard to the level of available resources. ~~The first year of the plan will form the approved capital budget for the forthcoming financial year.~~
- A.5.3.5 The programme will be managed through governance processes agreed annually, and the need to prioritise projects for inclusion in the Capital Programme, should resources allow. Prior to the approval by the Council of a Capital Programme each year, Chief Officers, jointly with the Chief Finance Officer, shall prepare financial appraisals of all projects to be put forward for inclusion in the Capital Programme, supported by justification and including appropriate documents. This will be based on recommendations from the CSAB.
- A.5.3.6 The Chief Finance Officer, will determine the resources available for the Capital Programme, taking into consideration the availability of reserves and balances, funding from other bodies and the affordability of borrowing.
- A.5.3.7 Subject to paragraphs ~~A.5.3.5 and A.5.3.6~~ A.5.3.8, A.5.3.10 and A.5.3.11 below, no expenditure shall be incurred on capital projects which is not included in the approved Capital Programme and no contracts entered into or tender accepted unless any necessary government approvals and borrowing powers have been received, and resources approved in accordance with these Regulations.
- A.5.3.8 The Capital Programme may be varied with the agreement of the Chief Finance Officer, if no additional commitments for future years are incurred, in the following circumstances:
- (a) where budget provision is transferred to capital expenditure financed from revenue account (CERA) in accordance with Regulation A.13 (Financial Limits) below ~~or the recommended use of the capital risk provision by CSAB.~~
 - (b) where earmarked capital receipts ~~and grants or other specific funding~~ are spent for the purpose they were received, provided that capital resources are enhanced by the amount received and that the capital receipts are received either before the payments are made, or within the same financial year.

For all other proposals that vary the Capital Programme, the approval of the Cabinet must be obtained ~~subject to A.5.3.11 below.~~

- A.5.3.9 The scope of capital schemes shall not be changed without the approval of the Cabinet unless under 10% variation to cost. ~~and any consequent increase in the cost of the scheme shall be contained within the relevant Department's approved Capital Programme.~~ Any significant alteration to the size, content or specification of a scheme which increases the cost by 10% or more, must be reported in a timely manner to the Cabinet. Variations within 10% of a project's total current budget can be agreed by the Chief Finance Officer, where funding has been identified (as outlined in A.5.3.8 above). This should be done in line with CSAB working processes and with current variation policy and guidance.
- A.5.3.10 A capital risk provision is held to mitigate the risks associated with having a Capital Programme. These include inflationary pressures on construction costs, uncertainty regarding delivery of projects, still unknown requirements, the uncertainty regarding the level of Government grants and risks associated with Brexit. The level of the capital risk provision is to be determined annually by the Chief Finance Officer after considering financial risk. The Chief Finance Officer, in consultation with the CSAB, can approve use of this provision on individual projects, the use of which will be reported to Cabinet as part of the RPPR process.
- A.5.3.11 Capital payments must be contained within the individual provisions in the approved Capital Programme. Where there is a variation prior to CSAB, the Chief Finance Officer should review and agree the proposal for dealing with the variation with the relevant CSAB representative.
- A.5.3.12 Where slippage into future years occurs on a project ~~Where over and underspendings arise because of slippage~~ and there is no effect on the availability of capital resources, these should be reported to CSAB at the earliest available opportunity as part of quarterly monitoring and equivalent adjustments will be made to the following year's programme as part of the wider RPPR process.
- A.5.3.13 Where overspendings compared to the annual provisions in the Capital Programme arise, ~~which are not the result of slippage,~~ departments must report the figures to the Chief Finance Officer, ~~together with proposals for equivalent savings from other approved projects.~~ CSAB, together with proposals for funding the overspend in line with A.5.3.11.
- A.5.3.14 Where underspends occur these must be reported to the CSAB who again will make recommendations on the use of the underspend to the Chief Finance Officer for approval.
- A.5.3.15 If a tender price exceeds the Capital Programme provision, then ~~provision may be transferred from one approved project to another.~~ this should be raised at CSAB in line with A.5.3.11. ~~(b) If such a transfer is not possible then the approval of the Cabinet must be obtained before the tender is accepted.~~
- A.5.3.16 The final cost of each capital scheme chargeable against the Capital Programme shall be reported by the appropriate Chief Officer to the Cabinet if the cost exceeds the provision in the Capital Programme by 10% or more, as soon as possible after completion together with explanations for variances from the estimated cost.
- A.5.3.17 The Chief Finance Officer will report on the outturn of capital expenditure to the Cabinet as soon as practicable after the end of the financial year.

A.6 CONTROL OF STAFFING BUDGET

- A.6.1 Within the total financial estimate provision approved by the Council, Chief Officers shall be entitled to vary the numbers and composition of their workforce in order to meet service requirements provided such variations do not commit the Council to increased expenditure in future years.
- ~~A.6.2 Each year, Chief Officers in association with the Chief Executive shall prepare a staffing report containing information on the number and composition of the County's workforce, changes during the previous twelve months and a forecast of the staffing budget for the year ahead.~~
- A.6.2 Chief Officers must adhere to the mandatory aspects of the Council's **HR Personnel Policies, Procedures and Practices, as well as the Scheme of Personnel Delegations.** This includes ~~ing~~ the proper use of appointment procedures; the proper use of job evaluation or other agreed systems for determining remuneration; and the method used to make payments to staff and employees including those falling within locally determined and local management schemes.
- A.6.3 Chief Officers shall ensure that **personnel staffing-related** information is maintained in a form required by the Chief Executive and a form necessary to comply with the Council's **HR Personnel Policies, Procedures and Practices.**
- A.6.4 Chief Officers shall also ensure that any systems used to process **personnel staffing/workforce** data or remuneration are properly maintained in accordance with these Financial Regulations **and General Data Protection Regulation.**
- A.6.5 Arrangements for the payment of all salaries, wages, pensions, compensation and other emoluments to all employees or former employees shall be made in accordance with Standard Financial Procedures issued by the Chief Finance Officer.
- A.7 CONTROL OF FINANCIAL INFORMATION AND COMMUNICATION SYSTEMS**
- A.7.1 All Chief Officers will conform with and follow the Council's **IS/IT IT and Digital** Strategy and will seek the advice of the Chief Finance Officer on the introduction of information and communications systems. In particular, Chief Officers ensure that sufficient standards and procedures are in place and will also ensure the achievement of value for money in the introduction of new systems and equipment.
- A.7.2 Chief Officers shall consult with the Chief Finance Officer on the development of any financial or other systems whether computerised or manual at the earliest practicable stage and obtain the consent of the Chief Finance Officer in implementing those systems.
- A.7.3 Minimum standards of control for any new system or development of an existing system which involves a financial operation or produces output that may influence such an operation, must be agreed in advance with the Chief Finance Officer.

- A.7.4 Chief Officers shall conform to the County Council's security and control of systems' standards within their Departments. They shall also be responsible for the security and privacy of data necessary to accord with the Data Protection Act 1984 and GDPR. When accessing central or other systems, Chief Officers will be responsible for ensuring that agreed procedures are followed.
- A.7.5 Any proposal to purchase or develop a computer system (IT hardware, software or communications equipment) shall be the subject of a business case in an approved form and in accordance with the Council's ~~IS/IT~~ IT and Digital Strategy. In the same manner, such proposals will also be subject to post implementation review.
- A.7.6 Chief Officers shall make sound and sufficient contingency arrangements to ensure the security and continuity of services in the event of a disaster e.g. fire, flood etc. and to enable the restitution of systems and data.
- A.8 CONTROL OF CONTRACTS**
- A.8.1 All contracts and agreements entered into shall conform ~~with to~~ the Council's ~~Rules of Procedure and Standing Orders~~ Procurement Standing Orders for contracts and tenders and must be covered by an approved budget. When contracts have a duration ~~for of~~ more than one financial year, Chief Officers must ensure that the charges stemming from such arrangements can be accommodated within the estimates for the current and future years.
- A.8.2 Chief Officers shall comply with European Commission Directives and United Kingdom Regulations relating to public procurement. Where appropriate, contracts and agreements shall be on the standard form of the Council.
- A.8.3 Chief Officers shall ensure, in consultation with the Chief Finance Officer, that they ~~adopt and operate a scheme of competitive discipline~~ comply with the Procurement Standing Orders for all contracts and procurement below the threshold of competition required by the Council's ~~Rules of Procedure and Standing Orders~~ Procurement Standing Orders.
- A.8.4 Chief Officers shall have proper regard for any ~~Code of Procurement~~ Code of Conduct and Conflict of Interest Policy for Employees issued from time to time by the Chief Finance Officer. Prior to the letting of a contract above the threshold of ~~competition required by the Councils~~ Procurement Standing Orders, Chief Officers shall ensure that an adequate technical and financial appraisal of ~~the~~ tenderers is undertaken. Financial appraisal of tenderers shall be undertaken in consultation with the Chief Finance Officer.
- A.8.5 The Chief Finance Officer will advise on matters relating to the maintenance of buildings, the need for repairs etc. and other such works for which he/she has budget responsibility. Also, through ~~Property Head of Profession~~ the Chief Property Officer, a general responsibility for advising sound procedures will be maintained.
- A.8.6 A register of formal contracts entered into and a record of payments made thereunder shall be kept by each Chief Officer in a form approved by the Chief

Finance Officer for all contracts involving stage payments. Where appropriate, the record of payments will be supported by details of the final account and a certificate of completion.

A.8.7 Where the contract requires that interim and final payments shall be made on certificate, that certificate shall be:-

- in a form approved by the Chief Finance Officer;
- signed personally by an officer authorised by the Chief Officer;
- authorised and issued in sufficient time to enable payment to be made within the time specified.

A.8.8 Such documents as may be necessary shall be made available to the Chief Finance Officer to enable him/her, or his/her appointed agents, to audit a contract. If contracts are supervised and managed by persons other than officers of the Council, the agreement with that person (or persons) shall provide that all documents relating to a contract shall be available for inspection by officers of the Council if required.

A.8.9 Any variation to a contract for building or civil engineering work will be authorised in line with Procurement Standing Orders.

A.8.10 When the final certificate of completion of any contract is issued by the appropriate officer, private architect, engineer or consultant a copy shall be produced to the [relevant](#) Chief [Finance](#) Officer together, if required, with a detailed statement of account and other relevant documents.

A.8.11 Where expenditure on a contract exceeds the contract value, the Chief Officer will report if Regulation A.13 (Financial Limits) is exceeded. Where a contract period is likely to be exceeded, so as to significantly affect service provision, a report shall be submitted to the Cabinet by the Chief Officer giving reasons for the delay, and making any recommendations as to claims after consultation with the Assistant Chief Executive.

A.8.12 Operational leasing or contract hire arrangements for vehicles, plant or equipment may be undertaken by Chief Officers provided the Chief Finance Officer is satisfied that the method of finance is appropriate for the asset concerned and that the best terms available have been secured.

A.9 **BANKING ARRANGEMENTS**

A.9.1 The Cabinet shall approve all banking contract terms and conditions. All other arrangements with the Council's bankers shall be made by or approved by the Chief Finance Officer who shall be authorised to operate such accounts, including National Giro accounts, as he/she deems necessary. Bank accounts for imprest holders, [procurement card holders](#) and delegated financial management schemes and ~~the provision of credit card facilities~~ shall be subject to the same arrangements.

A.9.2 With the exception of imprest accounts ~~or Local Management Schemes~~ all cheques, including National Giro payment forms, shall be ordered on the

authority of the Chief Finance Officer who shall make proper arrangements for their safe custody. Credit cards may only be issued to Chief Officers or other officers with delegated authority with the consent of the Chief Finance Officer and only on terms approved by the Chief Finance Officer.

- A.9.3 Cheques drawn on the Council's main banking accounts, including National Giro accounts, shall bear the facsimile signature of the Chief Finance Officer or be signed by him/her or officers authorised by the Cabinet. The manual pre-signing of cheques is not permitted on any cheque drawn on a County Council bank account.
- A.9.4 Where payments are to be transmitted either electronically or automatically, the Chief Finance Officer shall approve the necessary arrangements made to safeguard the interests of the Council.
- A.9.5 All County Council funds shall be banked to the corporate accounts of the County Council, appropriate subsidiary accounts or other accounts in the name of the County Council and approved by the Chief Finance Officer. No other account shall be used for transacting or transferring County Council funds.
- A.10 **TREASURY MANAGEMENT, INVESTMENTS AND TRUST FUNDS**
- A.10.1 All monies in the hands of the Council shall be aggregated for the purposes of Treasury Management and shall be under control of the Chief Finance Officer as delegated by the County Council.
- A.10.2 The County Council has adopted the key recommendations of CIPFA's *Treasury Management in the Public Services: Code of Practice*.

Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:

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

The content of the Policy and Strategy statement and TMPs will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key recommendations.

The County Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet, and responsibility for the execution and administration of treasury management decisions to the Chief Finance Officer who will act in accordance with the Policy and Strategy statement and TMPs and ~~he/she is a CIPFA member~~, CIPFA's *Standard of Professional Practice on Treasury Management*.

A.10.3 The Chief Finance Officer shall report to the County Council at the beginning of the financial year and make recommendations on the following:-

- a) the overall borrowing limit;
- b) the short term borrowing limit;
- c) the maximum proportion of borrowing which may be at variable interest rates.

Once approved by the County Council, these limits may only be varied by the County Council itself.

A.10.4 The Chief Finance Officer is authorised to borrow all monies and to arrange the temporary investment of funds within the approved borrowing limit and in accordance with the County Council's Treasury Management Policy [and Strategy](#) Statement. Borrowing or lending or investing of monies not within the Chief Finance Officer delegated powers will not be permitted without the approval of the County Council.

A.10.5 Subject to Financial Regulation A.10.3, the Chief Finance Officer shall be authorised to borrow in respect of projects provided the necessary Government Credit Approvals have been received or provided financing is contained within the County Council's "aggregate credit ceiling" (as statutorily defined) and in accordance with the approved Capital Programme.

A.10.6 All loans and investments, other than those belonging to the East Sussex Pension Fund and bearer securities, shall be made in the name of the Council. Investments in the East Sussex Pension Fund, other than bearer securities, shall be held in the name of the Council or the Council's nominees.

A.10.7 All securities the property of or in the name of the Council or its nominees, and the title deeds of all property in its ownership shall be held in the custody of the Assistant Chief Executive, the Chief Finance Officer, or the Council's bankers as appropriate or under such other arrangements as are approved by the Chief Finance Officer.

A.10.8 The Chief Finance Officer or the Council's bankers shall be the Council's registrar of stocks, bonds and mortgages as appropriate. The Chief Finance Officer shall maintain records of all borrowing of money by the Council. Stocks, bonds and mortgages held by the East Sussex Pension Fund may be registered in the name of the Fund's nominees.

A.10.9 All trust funds shall, wherever possible, be in the name of the Council or approved nominees. All officers acting as trustees by virtue of their official position shall deposit all securities, etc. relating to the trust with the Assistant Chief Executive unless the deed otherwise provides.

A.11 **ESTATES**

A.11.1 The Chief Finance Officer shall, in consultation with the Assistant Chief Executive, maintain a terrier of all properties owned by the Council, recording the holding department, location, extent, plan reference, purchase details,

nature of the interest, tenancies granted, rents payable, and purpose for which the property is held.

- A.11.2 The Chief Finance Officer shall maintain an asset register in such a form to record sufficient details to meet the requirements of the Code of Practice on Local Authority Accounting in respect of capital accounting.
- A.11.3 The Assistant Chief Executive shall have custody of all title deeds under secure arrangements agreed with the Chief Finance Officer.

A.12 INSURANCE

- A.12.1 The Chief Finance Officer shall effect all necessary insurance cover and negotiate all claims, in consultation with other officers where necessary. In respect of direct service organisations, adequate insurance cover shall be maintained by each organisation for employers and third party liability, buildings and contents and such other risks as are deemed necessary.
- A.12.2 Chief Officers shall notify the Chief Finance Officer immediately of:-
 - (a) all new risks and liabilities which may require to be insured;
 - (b) any alteration which may affect existing insurance;
 - (c) any loss, damage, claim or event which might give rise to a claim by or against the Council;
 - (d) any acquisition or disposal of interests in property which involves an amendment to insurance cover.
- A.12.3 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.
- A.12.4 The Chief Finance Officer shall, at least annually, review all insurance in consultation with other Chief Officers.
- A.12.5 Chief Officers shall consult with the Chief Finance Officer and the Assistant Chief Executive in respect of the terms of any indemnity which the Council is requested to give.

A.13 FINANCIAL LIMITS

- Budget Limits
 - Control of Contracts
 - Ex-Gratia Payments
 - Write Off of Debts
 - Write Off of Stocks and Stores
 - Payment of Accounts
- A.13.1 Budget Limits

~~- Revenue Budget Transfers and Supplementary Estimates~~

~~A.13.1.1 For each vote number within the approved revenue budget, the following sums (subject to Financial Regulation A.13.1.2 below) may be transferred in each financial year from one heading to another by the Chief Officer concerned:~~

~~- If the budget is £1m or less: 20% of the budget or £50,000 (whichever is the lower);~~

A.13.1.1 The following levels of approval apply to budget transfers and journals:

Action	Approval required
General Budget Transfers (across departmental budgets)	Up to £1m between departments should be agreed by the Head of Finance). Between £1m and £5m between departments should be authorised by the Chief Finance Officer and relevant Chief Officer(s). Over £5m should be authorised by Cabinet.
General Budget Transfers (within departmental budgets)	With agreement of the budget manager(s)
Technical Budget Transfers (e.g. budget transfers to comply with proper accounting practices)	Chief Finance Officer.
Administrative budget transfers (e.g. already approved by Full Council or Schools Forum)	Chief Finance Officer.
Journals	Journals over £1m must be authorised by a Finance Manager or above. Exceptions: Pension Management, Capital Finance and Treasury Management where the regular reconciliation of borrowing and investment codes indicate that there is adequate control over the detailed transactions.
Capital Expenditure financed from Revenue Account (CERA)	In line with the capital variation process (see A.5.3.8 and A.5.3.9 above).

~~NB. Where this transfer is to Capital Expenditure financed from Revenue Account (CERA), the capital programme can be varied with the approval of the Chief Finance Officer (refer to financial Regulation A5.3.5 above). In respect of LMS school budgets, so long as an overspending is not caused, the Chief Finance Officer may approve expenditures over £50,000 to be included in the capital programme.~~

~~- If the budget is greater than £1m: 5% of the budget or £100,000 (whichever is the lower)~~

A.13.1.2 If the Council is committed to additional expenditure in future years, no budget transfer over £5m will be permitted unless approved by the Cabinet. ~~Transfers out of building maintenance shall be permitted only with the approval, in advance, of the Cabinet.~~ All other transfers should be in line with the table above.

A.13.1.3 ~~All other proposals for transfer unless~~ If there is a significant change to an existing policy, or the development of a new policy is involved, when the approval of Cabinet/ County Council will be required.

A.13.1.4 Where the budget is delegated to budget managers, transfers may be made from one head to another as approved by the appropriate scheme of delegation.

- Revenue Budget Under/ Overspendings

A.13.1.5 Unless ring-fenced for a specific purpose, requests for underspends to be used for a particular purpose will be considered by the Chief Executive in consultation with the Chief Finance Officer and Chief Officers as part of the Pressures Protocol during the RPPR process.

~~A.13.1.5 Unless subject to local financial management or delegated budget schemes, underspendings may be carried forward to the following financial year:~~

~~-If the budget is £1m or less: 20% of the budget or £50,000 (whichever is the lower).~~

~~-If the budget is greater than £1m: 5% of the budget or £100,000 (whichever is the lower).~~

~~A.13.1.6 Local management schemes and schemes of delegation shall be permitted to carry forward underspendings in accordance with their approved schemes.~~

A.13.1.6 Where overspendings occur, these must first be offset against underspendings or deducted from the following year's budget unless another course of action has been approved the approval of by the Cabinet. ~~to other action has been obtained.~~

~~(Note – supplementary estimates should be taken into account when determining overspends at the year end, but not for determining underspends. Therefore supplementary estimates and their related expenditure will be deducted before carry forwards of underspends are determined.)~~

A.13.2 Control of Contracts

A.13.2.1 Where during the currency of a contract valued at ~~£50,000~~ £500,000 or more, it becomes apparent that expenditure against the contract will exceed the contract value by 10% or more, other than as a result of a price fluctuation clause, the Chief Officer, in consultation with the Chief Finance Officer, shall present a full report to the next practicable meeting of Cabinet.

A.13.3 Ex-Gratia Payments

A.13.3.1 Chief Officers may authorise ex-gratia payments up to ~~£1,000~~ ~~£500~~. Ex-gratia payments in excess of ~~£2,500~~ ~~£10,000~~ shall only be authorised by ~~the Cabinet~~ ~~Lead Member Resources~~.

A.13.3.2 Ex-gratia payments falling between these limits may only be authorised by the Chief Officer after consultation with the Chief Finance Officer and Assistant Chief Executive.

~~A.13.3.3 The Director of Adult Social Care may authorise ex-gratia payments of up to £1,000 where justified under the Adult Social Care Department's complaints procedure.~~

A.13.3.3 A complete record of ex-gratia payments made by Chief Officers shall be maintained and shall be available to the Chief Finance Officer on request and retained in accordance with Standard Financial Procedures.

A.13.4 Write Off of Debts

A.13.4.1 The write-off of debts below ~~£1,000~~ ~~£5,000~~ may be authorised by the Chief Officer. The write-off of debts in excess of ~~£2,500~~ ~~£10,000~~ shall only be authorised by ~~the Cabinet~~ ~~Lead Member for Resources~~.

A.13.4.2 All other debts falling between these limits may only be written off by a Chief Officer after consultation with the Chief Finance Officer and Assistant Chief Executive.

A.13.4.3 A complete record of debts written off shall be maintained by the appropriate Chief Officer and retained in accordance with Standard Financial Procedures.

A.13.5 Write Off of Stocks and Stores

A.13.5.1 No deficiency which occurs in excess of ~~£2,500~~ ~~£10,000~~ shall be written off by a Chief Officer without the prior approval of ~~the Cabinet~~ ~~Lead Member Resources~~.

A.13.5.2 Variations below this figure may be written off by the Chief Officer following consultation with the Chief Finance Officer and Assistant Chief Executive.

A.13.5.3 A complete record of stocks and stores written off shall be maintained by the appropriate Chief Officer and retained in accordance with Standard Financial Procedures.

A.13.6 Payment of Accounts

~~A.13.6.1 No payment in advance of £500 or more shall be made without the prior approval of the Chief Finance Officer. Payments in advance of less than £500 can only be made in circumstances prescribed by Standard Financial Procedures.~~

For non Schools: All payments in advance over £25,000 can only be made with prior approval of the Chief Finance Officer.

Payments in advance between £15,000 and £25,000 shall be authorised by a Head of Finance or above.

Payments in advance of less than £15,000 shall be authorised by Finance Manager or above.

A..13.6.2 For Schools:

Payments in advance under £500 shall be authorised by the Chair of Governors and a record kept at the school.

Payments in advance between £500 and £4,999 shall be authorised by a Schools Finance Principal Finance Officer.

Payments in advance between £5,000 and £14,999 shall be authorised by the Schools Accountant.

Payments in advance greater than £15,000 shall be authorised by the Head of Finance for Children's Services and Schools Finance or above.

A.14 Fees and Charges

A.14.1 The Chief Finance Officer has delegated authority to set all fees and charges and to report on those set at a level above inflation as part of the quarterly monitoring to Cabinet and as part of Reconciling Policy, Performance and Resources.

A.15 Reserves

A.15.1 It is the responsibility of the Chief Finance Officer to advise the Cabinet and/or the Council on prudent levels of reserves for the Authority, having regard to assessment of the financial risks facing the Authority. This duty is set out in Section 25 of the Local Government Act 2003.

A.15.2 As stated in the Council's Reserves Policy, in reviewing medium-term financial plans and preparing annual budgets, the Council will consider the establishment and maintenance of reserves for the general fund. The nature and level of reserves will be determined formally by the Council, informed by the judgement and advice of the Chief Finance Officer (CFO).

A.15.3 The Council's Reserves Policy will be reviewed annually and reported and approved.

A.16 VALUE ADDED TAX (VAT) AND INCOME TAX

A.16.1 Chief Officers are responsible for ~~correctly accounting for~~ ensuring the correct financial management of VAT and Income Tax, in respect of both income and expenditure, following guidance issued by the Chief Finance Officer. ~~will issue and update guidance to Chief Officers to assist them in their correct accounting. Where any doubt exists about the correct VAT or Income Tax treatment, Chief Officers should consult the Chief Finance Officer.~~ The Chief Finance Officer is responsible for providing advice to Chief

Officers on the potential tax implications of any new initiatives for the delivery of Council activity and Services, including those that could impact on the partial exemption position.

- A.16.2 The Chief Finance Officer is responsible for the Council's VAT returns and Income Tax to HM Revenue and Customs. All communication with HM Revenue and Customs for the Council shall be co-ordinated through the Chief Finance Officer or delegated officer.
- A.16.3 Chief Officers should seek financial advice from the Chief Finance Officer on any VAT ~~Any VAT~~ or Income Tax issues. If, following this advice, there is misdirection, or other penalty, this will be the responsibility of the relevant Chief Officer and it will be charged to the relevant budget, unless it results from incorrect guidance from the Chief Finance Officer. Chief Officers are responsible for obtaining necessary VAT receipts.

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Report to: **Governance Committee**

Date: **23 April 2019**

By: **Assistant Chief Executive**

Title of report: **Appointments to the Independent Remuneration Panel**

Purpose of report: **To consider appointments to the Independent Remuneration Panel**

RECOMMENDATION:

The Committee is recommended to appoint Daphne Bagshawe, Duncan Kier and Fiona Leathers to the Independent Remuneration Panel for a term of 5 years.

1. Supporting Information

1.1 There is a duty for the County Council to establish an Independent Remuneration Panel (IRP) and to consider the recommendations of the Panel in relation to the Council's Scheme of Members' Allowances. The three current members of the Panel were appointed in April 2014 for a five year period. As the terms of office for the three members of the Panel are coming to an end a recruitment exercise has been undertaken

1.2 The Panel reviews the Members' Allowance Scheme and considers representations made by councillors together with other relevant information such as the level of allowances paid at other authorities. At the conclusion of the review the Panel agree a report and make recommendations in relation to the level of allowances for consideration by the Governance Committee and the County Council. The Council is not bound to agree the recommendations of the Panel but must take the Panel's recommendations into account when agreeing the Scheme of Allowances.

1.4 Panel Members are expected to attend meetings as required, read relevant papers and reports, give careful consideration to evidence and information provided and ask relevant questions prior to agreeing its report to the Council.

1.5 The IRP must consist of at least three members none of whom:

- (a) is also a Member of the authority in respect of which it makes recommendations or is a Member of a committee or sub committee of such an authority; or
- (b) have been a member or officer of East Sussex County Council within the last 5 years; or
- (c) is disqualified from being or becoming a Member of the authority.

2. Appointments to the Panel

2.1 Through public advertisement applications were invited for the positions on the Panel and following a shortlisting exercise, five applicants were interviewed. Following the recruitment exercise, it is recommended that the following three candidates be appointed:

Daphne Bagshawe – has previously been a Member of the County Council (between 1997 and 2005) and a magistrate for 10 years

Duncan Kier – has previously served on the IRPs of the County Council, the East Sussex Fire Authority and Eastbourne Borough Council and has a background in Human Resources, including job evaluation.

Fiona Leathers – has previously served as a member of the County Council's Panel and previously served two terms on the Kent County Council IRP. She has also served on the Kent County Council Standards Committee and was a magistrate for 18 years.

2.2 All three candidates have confirmed that they are not aware of any conflicts of interest that may impact on their ability to serve on the IRP.

3. Conclusion

3.1 Given the previous relevant experience of all three candidates it is recommended that Daphne Bagshawe, Duncan Kier and Fiona Leathers be appointed to serve on the Panel for a period of five years.

PHILIP BAKER
Assistant Chief Executive

Contact Officer: Andy Cottell (01273 481955)

Local Member: All

Background Documents:
None

Report to: **Governance Committee**

Date: **23 April 2019**

By: **Chief Operating Officer**

Title of report: **East Sussex Pension Board – Nomination/Appointment of Members**

Purpose of report: **To agree the appointment of Pension Board members in compliance with the arrangements for the administration of the Local Government Pension Scheme (LGPS) in East Sussex.**

RECOMMENDATIONS – The Governance Committee is recommended to:

- 1. agree to the appointment of the Pension Board members as set out in paragraph 2.5 of the report;**
 - 2. agree to the appointment of Ray Martin as the Independent Chair of the Pension Board;**
 - 3. agree the staggered terms of membership set out in section 3 of the report.**
-

1. Background

1.1 The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 require each Administering Authority to establish a *Local Pension Board* for the purposes of “assisting” the Scheme Manager (East Sussex County Council), and the Council established the Pension Board in compliance with the regulations. The County Council agreed to delegate authority to the Governance Committee to (i) determine the selection process for appointment to the Pension Board and (ii) appoint to, and remove from, the Pension Board.

1.2 Following the expiration of some Pension Board representatives 4 year term of office, the Governance Committee at its meeting on 5 March 2019 considered a report on the steps being taken in relation to the membership of the Pension Board and the appointment of an Independent Chair.

2. Pension Board Representatives nomination/appointment

2.1 The methodology for appointing employer and member representatives is not prescribed by the Regulations. It is therefore up to the Administrative Body’s (ESCC) discretion to establish an appropriate process, which has been included within the East Sussex Pension Board constitution and terms of reference. In summary, all appointments to the Board, including the Independent Chair, are made by the Governance Committee. The term of office for Board members shall be 4 years or such time as agreed by the Governance Committee.

2.2 The Fund participating employers and scheme members were contacted through representative organisations, seeking nominations for their representation on the East Sussex Pension Board in line with the constitution and terms of reference for the Board.

2.3 There was not a requirement to seek as Pensioner Representative, as the current Board member, was appointed to a 4-year term in 2017/18.

2.4 Due to the local elections on 2 May 2019, East Sussex District and Borough Councils and Brighton & Hove City Council will not be in a position to confirm their Pension Board representation until later in May. A further report on the appointment of the 2 outstanding employer representatives will be presented a future meeting of the Governance Committee.

2.5 The outcome the nomination process is as follows:

	Representing	Organisation	Pension Board Members	Proposed Term of Office – Yrs.
1	Employer	University of Brighton	Stephen Osborn	4
2	Employer	One representative for East Sussex District and Borough Councils	TBC on 23 May	2
3	Employer	Brighton & Hove City Council	TBC on 23 May	2
4	Scheme Members	UNISON	Lynda Walker	4
5	Scheme Members	GMB	Niki Polermo	4
6	Scheme Members	Pensioners representative	Diana Pogson	3
7	Independent Chair	Independent Chair	Ray Martin	4

3. Future Board Representatives Appointment

3.1 At the time of establishing the Board, the Governance Committee agreed to a Pension Board term of reference recommending that Members be appointed for a four-year term. Having reflected on the term of membership and the impact of seeking representations every 4 years, including the potential loss of knowledge and experience from the Board, it is proposed to develop a phased approach to the length of service for Board members.

3.2 Given the impact of Local Elections on the Scheme Employer nominees, it is proposed that the Pension Board members for East Sussex District and Borough Councils and Brighton & Hove City Council are appointed for 2 years. Subsequent appointments are then made for 4 years. This will then ensure that at no point is the Pension Board required to seek nominations for more than 50% of the Board.

4. Appointment of Independent Chair of the Pension Board.

4.1 The role of Chair of the East Sussex Pension Board, for a four-year term, was advertised in the local press, East Sussex Pension Fund website and via LinkedIn, together through professional contacts. Three candidates were invited to interview on 9 April 2019. The interview panel consisted of Lead Member Resources, Chief Operating Officer, Chief Finance Officer and Head of Pensions.

4.2 It is proposed that the next Chair of the East Sussex Pension Board be Ray Martin. Ray brings a breadth of knowledge to the role, having worked for many years as a Pensions and Investment Management professional. His qualifications include being a Fellow of the Pensions Management Institute, a member of the Association of Professional Pension Trustees and he has completed the Pension Regulator's Trustee Toolkit. Further details of Ray's experience and qualifications contain exempt information and are set out in a later item on the agenda.

5. Conclusion and reasons for recommendations

5.1 The Committee is recommended to agree the appointment of the Pension Board representatives and the Independent Chair as set out in the report.

KEVIN FOSTER

Chief Operating Officer

Contact Officers:

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Local Member(s): All

Background Documents: None

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of the Local Government Act 1972.

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