

## E. Financial Procedure Rules

### 1. Introduction

- 1.1. The Local Government Act 1972 Section 151 requires the Shadow West Northamptonshire Council to make arrangements for the proper administration of its financial affairs. The Shadow Council has allocated this responsibility to the Section 151 Officer (Chief Financial Officer) for the new West Northamptonshire Council.
- 1.2. References to Section 151 Officer also apply to the Interim appointment until a permanent appointment is made to the post.
- 1.3. These Financial Procedure Rules set out the financial responsibilities of the Shadow Council, the Shadow Executive, Section 151 Officer and the Head of Paid Service (Designate or the appointed Chief Executive) and their nominated representatives as appropriate, in relation to the Shadow West Northamptonshire Council prior to the creation of West Northamptonshire Council on the 1 April 2021.
- 1.4. Should any uncertainty or dispute arise about these Procedure Rules, the matter must be referred to the Section 151 Officer for interpretation and arbitration.
- 1.5. The Section 151 Officer has the authority to delegate matters under these Financial Procedure Rules, where appropriate, and records will be maintained of any such delegations.

### 2. Financial Transactions

- 2.1. The Shadow Council will not incur any payments or receive any income.
- 2.2. Any expenditure incurred or income received on behalf of the Shadow Council will be undertaken and accounted for by the existing councils, namely Northamptonshire County Council, Daventry District Council, Northampton Borough Council and South Northamptonshire Council, herein and after referred to as the "Existing Councils".

### 3. Employees

- 3.1. Interim appointments to the three statutory posts made by the Shadow West Northamptonshire Council will be made on a **secondment** basis and the appointed employees will remain employed by their existing councils on their existing terms and conditions.
- 3.2. The appointment to permanent posts by the Shadow Council on behalf of the West Northamptonshire Council will be employed by xxxxxxxx Council under terms and conditions to be agreed by the Shadow Executive.

### 4. Responsibilities of the Section 151 Officer

**Comment [AS1]:** Comments received from James Smith (NCC) Need to make reference to expenditure being incurred inline with each existing councils finance regs (the shadow authority will not have any budget)

**Comment [AS2]:** JS Comment  
This presumes a willing volunteer, it should say in the first instance.

- 4.1. Under Section 151 of the Local Government Act 1972, to undertake the duties of the Responsible Financial Officer to the Shadow Council in preparing for a legally compliant West Northamptonshire Council on the 1 April 2020.
- 4.2. As Responsible Financial Officer, under Section 114 of the Local Government Finance Act 1988, making a report to the Shadow Council, the Shadow Executive and external auditor if the Shadow Council or one of its appointed officers:
  - a. has made, or is about to make, a decision which involves committing one of the Existing Councils to unlawful expenditure on behalf of the Shadow Council; or
  - b. has taken, or is about to take, an unlawful action on behalf of the Shadow Council, which has resulted or would result in a loss or deficiency to the Existing Councils or the future West Northamptonshire Council.
- 4.3. As Responsible Financial Officer, under the Accounts and Audit Regulations 2015, to comply with internal control requirements as far as they are applicable to the creation of West Northamptonshire Council.
- 4.4. Reporting to the Shadow Executive any significant decisions of the Existing Councils that would be to the detriment of the Shadow or West Northamptonshire Council.
- 4.5. Working with the Budget Task and Finish Group and the Shadow Executive to provide advice and financial information on the emerging financial position of West Northamptonshire Council and on the key financial controls necessary to secure sound financial management in the new organisation.
- 4.6. Maintaining and updating a medium term financial strategy.
- 4.7. Preparing the revenue budget and capital programme; advising on the level of council tax; and preparing treasury management, banking and exchequer functions.

## **5. Policies, Strategies and Plans**

- 5.1. The Section 151 Officer is responsible for preparing the following documents for consideration by the Shadow Executive and approval by the Shadow Council at the same time as the 2020/21 budget is approved and council tax set:
  - a) Capital Programme;
  - b) Treasury Management Strategy including:
    - i) Capital Prudential Indicators and Limits for 2020/21 to 2024/25;
    - ii) Minimum Revenue Provision Statement;
    - iii) Treasury Prudential Indicators;
    - iv) Authorised Limit Prudential Indicator; and
    - v) Debt and Investment Strategy 2020/21 and associated criteria.
  - c) Treasury Management Policy Statement;
  - d) Capital Strategy 2020-2025; and

e) Medium Term Financial Strategy 2020–2025.

5.2. The Head of Paid Service is responsible for preparing West Northamptonshire Council's Pay Policy Statement for 2020/21, for consideration by the Shadow Executive and approval by the Shadow Council at the same time as the budget is set.

## 6. Budget Setting for 2020/21

6.1. The revenue budget should reflect the corporate aims and priorities of the Shadow Council and is set in the context of the proposed Medium Term Financial Strategy.

6.2. The Section 151 Officer is responsible for preparing a balanced 2020/21 budget in accordance with the Local Government Act 1992, as amended, in particular by the Localism Act 2011. To achieve this the Section 151 Officer is responsible for:

- a) preparing a 2020/21 budget strategy and timetable for engagement with: the Shadow Executive; Shadow Council; and the public, for consideration by the Shadow Executive;
- b) setting a timetable for receipt of local precept information from town and parish councils in the West Northamptonshire Council area;
- c) determining the detailed form of revenue estimates;
- d) consolidating the first draft 2020/21 budget from the budget information prepared by the Existing Councils;
- e) developing the draft budget, taking into account the revenue implications of the proposed capital programme and the council tax harmonisation policy, to identify the budget gap and recommend ways to close this gap, in liaison with the Budget Task and Finish Group, having regard for achieving best use of resources and value for money;
- f) undertaking consultation on the budget proposals and reporting the outcome of the consultation to the Budget Task and Finish Group for consideration;
- g) reporting the final draft budget, along with proposals to balance the budget and the outcome of the consultation, to the Shadow Executive for consideration.

6.3. The Shadow Executive must consider the draft budget and agree budget proposals which will be submitted to the Shadow Overview and Scrutiny Committee for review, before the end of January 2020.

6.4. The Shadow Executive must make recommendations on the final, scrutinised, budget and council tax proposals to the Shadow Council for approval by the third week of February 2020.

## 7. Capital Programme

7.1. The Section 151 Officer is responsible for undertaking financial appraisals of schemes, if required, and collating the capital estimates to form the capital programme, identifying the required financing and taking into account the full year revenue effect of each scheme and report this to the Shadow Executive.

**Comment [AS3]:** JS comments: I'm not sure preparing is the right word. Normally it is providing assurance that the budget estimates are robust (s25 report)

**Comment [AS4]:** The statutory deadline for agreeing a CTRS scheme is 31<sup>st</sup> January. Given that you have to have statutory consultation on any scheme proposals this would have to be started in October at the latest.

7.2. The Shadow Executive will make recommendations on the capital programme and on any associated financing requirements to the Shadow Council as part of the budget setting process.

## **8. Council Tax Base**

8.1. Each of the existing billing authorities comprising the three district/borough councils (Daventry District Council, Northampton Borough Council, South Northamptonshire Council) is responsible for calculating the council tax base for each of the towns and parishes within its administrative area and aggregating these figures to provide a council tax base for the district/borough in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

8.2. The Section 151 Officer is responsible for:

- a) aggregating the council tax base information provided by each of the districts and boroughs to create a council tax base for the administrative area of West Northamptonshire Council (the billing authority), in early December;
- b) promptly notifying the major preceptors and local preceptors of the relevant tax base for their purposes.

## **9. Setting the Council Tax**

9.1. In order to raise sufficient council tax to meet the needs of West Northamptonshire Council, the major preceptors and local preceptors, the Section 151 Officer is responsible for:

- a) using the tax base to calculate the average band D council tax and all of the council tax bands for West Northamptonshire Council and each of the major and local preceptors in the billing authority's area in accordance with the Local Government Act 1992, as amended, in particular by the Localism Act 2011;
- b) agreeing the council tax leaflet for inclusion with the bills, with the Leader of the Shadow Council;
- c) promptly publishing the list of council tax bands, once approved by the Shadow Council; and
- d) applying any alternative notional amounts to the council tax comparators for 2019/20, when undertaking the comparison with the 2020/21 council tax, for the purposes of identifying if the council tax referendum limit has been breached. A statement as to the outcome of this calculation to be approved by the Shadow Council.

9.2. The Shadow Council is responsible for approving the council tax bands in respect of West Northamptonshire Council and the aggregation of the bands to arrive at the actual council tax chargeable in each town and parish area and the average council tax bands for the billing authority area.

## **10. Collection Fund**

10.1. The Section 151 Officer is responsible for:

- a) creating a Collection Fund for the West Northamptonshire Council area one day after the Shadow Authority sets the 2020/21 budget and council tax; and
- b) undertaking council tax and national non-domestic rates billing, as soon as the Shadow Council has approved the council tax.

## 11. **Reserves and Balances**

11.1. Financial reserves and balances are maintained as a matter of prudence against unforeseen events and future contingencies. They will enable West Northamptonshire Council to provide for unexpected events and thereby protect it from future extraordinary expenditure and overspends. Reserves for specific known purposes are also maintained and it is reasonable to build reserves in anticipation of a known call on resources in future years.

11.2. The Section 151 Officer is responsible for advising the Shadow Executive and Shadow Council on the prudent level of reserves and balances for West Northamptonshire Council as part of the annual budget setting process based on an assessment of risk.

11.3. The purpose, usage and basis of transactions must be clearly set out in respect of each of the reserves and balances held by West Northamptonshire Council.

## 12. **Returns and Grant Claims**

The Section 151 Officer is responsible for submission of all returns and grant claims in respect of West Northamptonshire Council prior to the 1 April 2020. These returns include:

- a) CTB1 – Calculation of Council Tax Bases
- b) NNDR1 – National Non-Domestic Rates Return
- c) CTR1 – Council Tax Requirement Return
- d) RA – Revenue Account Form
- e) Benefit Subsidy Claim

## 13. **Financial Control**

Under the Accounts and Audit Regulations 2015, the Section 151 Officer is responsible for ensuring that appropriate systems and financial controls are in place on the 1 April 2020 to provide effective management information, financial stewardship and control for West Northamptonshire Council.

## 14. **Banking Arrangements**

14.1. The Section 151 Officer is responsible for:

- a) Identifying the bank accounts required and opening these accounts in the name of West Northamptonshire Council by the 1 April 2020;
- b) authorising bank signatories and setting up authorised accesses and roles;

- c) putting in place the arrangements required for the transmission of funds and collection of cash;
- d) agreeing procedures for managing the transition from the existing bank accounts and banking arrangements to those of West Northamptonshire Council.

15. **Treasury Management**

The Section 151 Officer is responsible for putting in place all necessary arrangements to enable West Northamptonshire Council to invest or borrow monies on the 1 April 2020.

16. **Insurances**

The Section 151 Officer is responsible for putting in place adequate insurance arrangements for West Northamptonshire Council in readiness for the 1 April 2020.

17. **Taxation**

The Section 151 Officer is responsible for liaising with HM Revenues and Customs to obtain appropriate taxation and VAT reference numbers, including a separate PAYE reference for West Northamptonshire Council's Returning Officer.

18. **Audit**

The Section 151 Officer is responsible for liaising with West Northamptonshire Council's appointed internal and external auditors prior to the creation of the new West Northamptonshire Council on the 1 April 2020.