**HEREFORD CITY COUNCIL**

**COUNCIL MEETING 26th May 2015**

**Information on Items for Confirmation at Council**

**1. Purpose of Report**

1.1 This report is to explain a number of items which are confirmed either annually or at the start of the term of the administration elected recently. A series of specific items follow for resolution, this item is to give members some information about the background to each of them.

**2. Code of Conduct**

2.1 The Council is required by law (Localism Act 2011) to adopt a code of conduct for members of the council. It can write its own, as long as it applies the Nolan Principles of public life, or it can sign up to a code adopted by another body. The Act places on Herefordshire Council the responsibility to appoint a Monitoring Officer to deal with complaints, and also creates a criminal offence of failing to declare a disclosable pecuniary interest. Advice on the Code and its application can be obtained from Herefordshire Council or from officers of the City Council, although it must be stressed that the legal responsibility for making statutory declarations of interest lies entirely with each member as an individual.

2.2 Herefordshire Council have produced a code of conduct which is designed to be applicable to parish council as well as to themselves. The Council adopted this as it standard in 2012 and has continued to do so. While a legal power exists for us to adopt another code or write our own, in which case Herefordshire would apply that version to any complaints investigated under the Act, there seems little purpose as the Herefordshire model has proved effective. While no cases have arisen for investigation at Hereford City Council, the Code has been tested and found to be useful. Officers therefore recommend that the Council adopts the revised Code published by Herefordshire.

2.3 The revision is a slight update to the rules regarding whether members stay in the room when an item upon which they have declared a disclosable pecuniary interest. Page 11 item 6 now requires that a member who has made such a declaration leaves the meeting immediately after making that declaration and does not participate in the debate.

2.4 Members are therefore advised to accept the revised Code of Conduct.

**3. Standing Orders**

3.1 The Standing Orders of the Council are the rules by which it conducts its meetings and other business. The Council uses a model published by the National Association of Local Councils and modified from time to time in accordance with any relevant changes in legislation of updates received from NALC. As a matter of good practice the Council should affirm acceptance of the Standing Orders annually. New members have received a copy of the Standing Orders in their information pack and it is attached to the agenda. The Standing Orders were last revised in June 2014 and there have been in changes in legislation or the NALC model to indicate that any changes are required at this point.

3.2 Members are therefore advised to adopt the attached Standing Orders for the year and officers will advise the Council if at any time new legislation or guidance requires a modification.

**4. Financial Regulations**

4.1 Similar to Standing Orders, the Financial Regulations cover in more details the processes and rules by which the Council carries out its financial affairs, setting key dates for the production of accounts, declaration of the precept, how contracts are awarded and how spending is managed. It is a legal requirement that the Council puts in place processes and procedures to ensure the proper use of money the production of accounts, the appointment of an auditor and the identification of a Responsible Financial Officer, (Section 151 Local Government Act 1972).

4.2 The Council’s Financial Regulations are reviewed periodically when changes to accounting regulations, audit recommendations or primary legislation require. They are checked by the Council’s internal auditor to ensure they are up to date. No items are outstanding for inclusion in any revision at this time and it is therefore recommended that Council adopts the Financial Regulations attached to the agenda.

**5. General Power of Competence**

5.1 As a creature of statute, the City Council may only do that which Parliament has permitted to do under legislation. Until 2011 this was quite restrictive, especially in the area of grants and other expenditure. The Localism Act of 2011 created a power of general competence under which (Section 1) “A local authority has power to do anything that individuals generally may do”.

5.2 The Secretary of State widened the scope of the Act to include parish councils within this section subject to two conditions. One is that the Council has at least 80% of its members elected, the other is that the Clerk holds the Certificate in Local Council Administration with the revised section 7 covering the new power also certificated as a pass. (The new qualification includes this revised section; those clerks who had qualified previously had to show an understanding of the new power in a separate submission to expand their qualification. Notwithstanding the two vacancies, the Council has 89% of its members elected and the Clerk holds the necessary qualification.

5.3 Once a council adopts the Power of General Competence it should use it as its general power of first resort, ie the legislation under which it conducts its operations. Some powers remain that individuals do not have, such as the right to levy a charge on the council tax payers to generate the council’s income and specific legal powers, and associated conditions and controls, exist around these. The use of the General Power of Competence simplifies the management of the Council’s expenditure both in terms of its running costs and its external spending such as grants.

5.4 It is therefore recommended that the Council re-adopts the Power of General Competence, a decision which will stand as valid until the first business meeting after the elections in 2019.

**6. Cheque Signatories**

6.1 The Council makes many of its payments by cheque and these must be signed by two members of the Council by law (Section 150(5) of the Local Government Act 1972. At Hereford these cheques are also signed by one officer, usually the Town Clerk, having been raised by the Finance Officer. In the absence of the Clerk the Finance Officer is the other officer authorised to sign cheques. In order to enable cheques to be processed and payments made efficiently it is helpful to have a number of members recognised as signatories. Changing signatories requires registration with the bank and it is not recommended to make changes except when members leave the council and it is necessary to add to the number to replace someone, or when a member wishes to give up the responsibility. Clearly elections can affect that number of signatories depending which members of the former administration are returned. If a councillor is not re-elected they cease to be eligible immediately.

6.2 Those who were signatories who were re-elected were Councillors Tawn, Edwards, Wilcox and Kenyon. It is very useful if the Mayor is a signatory as this means officers are able to prepare cheques knowing that one of the signatories will be at the Town Hall at predicted times. The Council does not have to replace Councillor Andrews as a signatory and any elected member can be appointed. Following best practice it is however recommended that the existing signatories remain and that the Mayor be appointed to replace Councillor Andrews in this role. (see below regarding bank reconciliations.) If the Mayor is not appointed to this role it is recommend that another member is appointed to maintain five authorised signatories.

**7. Direct Debit and Procurement Card**

7.1 The Council has existing arrangements to make payments by setting up direct debits which require the same signing process as a cheque to be set up, but which recur as stated in the mandate. This is a simple cost effective and very secure way of paying regular bills, such as the charge from Shropshire Council who undertake payroll for the Council, including forwarding payments for tax, national insurance, pension contributions etc. Each direct debit payment is reported to Finance and Policy Committee as part of the schedule of payments. It is necessary for Council to affirm annually that it is content for this to continue.

7.2 The Council has a purchase card which operates in a similar way to a personal debit card. It is however issued as a government procurement card. This enables the purchase of items for which invoices and cheques would not be acceptable, such as fuel for the Mayoral car, short notice office supplies, rail tickets etc. Card are held by the Mayor’s Officer and the Town Clerk. Items are justified by receipts which are kept for inspection by Finance and Policy Committee and a direct debit payment is made in respect of each account monthly to reduce the balance to zero and avoid payment of interest. This is a convenient and secure way of paying these items and has been verified by the internal auditor as a sound procedure. It is recommended that Members agree to the continued use of the purchase card for another year.

**8. Bank Reconciliations**

8.1 For each account held by the Council, the Finance Officer produces a monthly reconciliation. It is recommended by internal auditors that this is signed by a member of the Council, as well as being reported to Policy and Finance Committee. Since this was introduced Councillor Nichols has been the authorised signatory for the reconciliation. In order to demonstrate full transparency and proper separation of roles, it is not recommended that one of the cheque signatories also signs the reconciliation as this could be construed as them signing payments they had already authorised. If the Mayor has been appointed a cheque signatory it is recommended that another member be appointed to sign the reconciliation. If the Mayor is not a cheque signatory members are recommended to appoint a member, including the Mayor in that consideration, to this role.

**9. Hereford Voluntary Organisations Support Service (HVOSS)**

9.1 This organisation is an umbrella group offering advice and support to a plethora of voluntary bodies operating across Herefordshire, many of which are active within the City. Some of these organisations have previously applied for, or are currently receiving, grants from the Council. HVOSS co-ordinates with Herefordshire Council and the City Council funding briefings for voluntary organisations and provides training, advice and support to those running voluntary sector groups. It is a highly valued service and the Council has in the past retained them to do work on the Community Led Plan, because of their high level of professionalism and good community contacts.

9.2 As an affiliated body the Council receives newsletters, attend specialist groups eg youth, sports , warm in winter, combating loneliness etc and given the breadth of the benefits felt across the city by its activities it is recommended that this is a body which the Council ought to retain an active interest in. They also publicise our activities, including the grants scheme to their members. Their Chief Executive chairs our community group awards panel. As this is best expressed by maintaining our affiliation and nominating a key member to liaise with them, this is recommended to Council.

Steve Kerry

Town Clerk