

Chapter 9 – Rules, Codes and Protocols

Part 1

Article 14 – Finance, Contracts and Legal Matters

1. Financial management

- 1.1 The management of the Council's financial affairs will be conducted in accordance with the Finance Procedure Rules set out in Part 3 of this Chapter 9, and any guidance issued by the Chief Finance Officer.

2. Contracts

- 2.1 Every contract made by the Council will comply with the Contract Procedure Rules set out in Part 2 of this Chapter 9.

3. Legal proceedings

- 3.1 The Monitoring Officer is authorised to institute, defend or participate in any legal proceedings in any case where such action is necessary to give effect to decisions of the Council or, in any case where the Monitoring Officer and/or the Chief Executive considers that such action is necessary to protect the Council's interests.

4. Authentication of documents

- 4.1 Where any document is necessary to any legal procedure or proceedings on behalf of the Council, it will be signed by the Monitoring Officer or any other person authorised by them, unless any enactment otherwise authorises or requires, or the Council or Cabinet has given requisite authority to some other person in accordance with the provisions of this Constitution.

5. Common Seal / Electronic Seal of the Council

- 5.1 The Common Seal of the Council will be kept in a safe place in the custody of the Monitoring Officer. The seal may be applied to any document subject to the approval of:
- (a) full Council;
 - (b) Cabinet;
 - (c) a Committee or Sub-Committee of the Council;
 - (d) a Committee of Cabinet; or
 - (e) a Cabinet Member.

The Common Seal will be added to those documents which in the opinion of the Monitoring Officer should be sealed or are required to be sealed pursuant to the Council's Procurement Guide or this Constitution. The application of the Common Seal will be

witnessed by the Chief Executive or Monitoring Officer or any other person authorised by the Monitoring Officer.

Part 2 – Contract Procedure Rules

1. Introduction – Purpose of the Contract Procedure Rules

- 1.1 As a result of the making by the Council of a report under section 114 of the Local Government Finance Act 1988, and the subsequent Intervention, spending controls are in place which restrict the Council's spending to essential items. Spending should only be incurred to support "Business As Usual". Full guidance relating to procurement during the Section 114 Period will be as issued by the Section 151 Officer, and these Contract Procedure Rules should be read in the context of that guidance.
- 1.2 Purchasing decisions and processes are important because the money involved is public money. The purpose of these Contract Procedure Rules is to provide a structure within which purchasing decisions are made and implemented and which ensures that the Council:
- (a) furthers its corporate objectives;
 - (b) restricts spending to essential items only;
 - (c) prioritises spending plans in line with any report under section 114 of the Local Government Finance Act 1988 and any further instructions from the Commissioners or central government departments;
 - (d) uses its resources efficiently;
 - (e) purchases quality goods, services and works, consistent with the priorities of the Council and which provide Value of Money; and
 - (f) safeguards its reputation from any implication of dishonesty or corruption.
- 1.3 Purchasing by the Council, from planning to delivery, shall incorporate (where appropriate) principles of sustainability, efficiency, whole life costings and cost savings.
- 1.4 These Contract Procedure Rules are made in accordance with the requirements of section 135 of the Local Government Act 1972.
- 1.5 These Contract Procedure Rules do not provide guidelines on what is the best way to purchase works, supplies (goods) and services. They set out minimum requirements to be followed. Further information and guidelines on procurement procedures are set out in the Council's Procurement Guide.

2. General Principles – Application and Compliance with Contract Procedure Rules

- 2.1 These Contract Procedure Rules apply to the purchase by or on behalf of the Council of works, supplies (goods) and services.
- 2.2 These Contract Procedure Rules apply to all contracts including all purchase orders, concessions and contractual arrangements entered into by or on behalf of the Council, except for the specific types of contracts and purchasing methods which are listed in Rule 2.3.

- 2.3 These Contract Procedure Rules do not apply to:
- (a) employment contracts;
 - (b) contracts relating solely to interests in land;
 - (c) legal costs which are exempt under regulation 10 of the Public Contracts Regulations 2015; and
 - (d) service level agreements setting out the conditions that the Council applies to its funding of particular voluntary sector bodies.

3. Breach of these Contract Procedure Rules

- 3.1 Breach of these Contract Procedure Rules is very serious and will constitute a disciplinary matter. Save where a valid waiver or exemption has been applied, any failure to comply with these Contract Procedure Rules will be treated as a breach.
- 3.2 It will be the responsibility of all Officers to address non-compliance swiftly and in the most appropriate way according to the circumstances.
- 3.3 Any breach of, or non-compliance with, these Contract Procedure Rules must, on discovery, be reported immediately to the Chief Internal Auditor acting on behalf of the Chief Finance Officer. The Chief Internal Auditor shall, after taking legal advice and consulting the Head of Procurement, decide whether each reported breach or non-compliance presents a significant risk of harm to the Council's interests and, if satisfied that such risk exists, shall undertake any necessary investigation and report the findings to the Chief Finance Officer.
- 3.4 Officers may also raise concerns relating to breach or suspected breach of, and non-compliance with, these Contract Procedure Rules anonymously in line with the Council's [Whistleblowing Policy and Procedure](#).
- 3.5 Officers should remain alert to fraud throughout the procurement life cycle and any concerns of fraud or corruption must be reported at the earliest opportunity to the Head of Procurement. They will decide whether the matter should be escalated to the Chief Internal Auditor acting on behalf of the Chief Finance Officer.
- 3.6 Officers must follow the Officer Code of Conduct in respect of any procurement activity. Failure to comply with the Officer Code of Conduct or these Contract Procedure Rules may constitute a disciplinary matter that may be pursued, as appropriate, in accordance with the Council's disciplinary policy.
- 3.7 Councillors are not permitted to take part in the procurement process, and they must ensure that their actions do not compromise or impact on due process in relation to any Council procurement activity. If Councillors have any concerns relating to a breach of these Contract Procedure Rules and/or applicable Regulatory Provisions, they must report these to the Chief Internal Auditor immediately on discovery.
- 3.8 Concerns related to Councillor intervention in procurement activities may be subject to Standards Committee investigation.

3.9 Reports on the number of confirmed breaches of these Contract Procedure Rules are to be sent by the Head of Procurement to the Chief Finance Officer on a quarterly basis.

4. General Principles Applying to All Contracts

4.1 All purchases however small shall be made or evidenced in writing.

4.2 Standard contract clauses shall be used in all contracts for purchases over the Small Procurement Threshold. The standard contract clauses are issued by Legal Services and can be found on the Council's intranet.

4.3 As a minimum, all contracts for purchases over the Small Procurement Threshold shall include clauses which set out:

- (a) the works, supplies (goods), services, material, matters or things to be carried out or supplied;
- (b) the time within which the contract is to be performed;
- (c) quality requirements and/or standards which must be met;
- (d) requirements on the contractor to hold and maintain appropriate insurance;
- (e) what happens in the event that the contractor fails to comply with its contractual obligations (in whole or in part);
- (f) requirements on the contractor to comply with all relevant equalities and health and safety legislation; that the Council shall be entitled to terminate the contract and recover its losses in the event that the contractor, its employees or anyone acting on its behalf does anything improper to seek to influence the Council to give the contract to any person, or as to the circumstances in which a contract may be given, or any contract or commits an offence under the Bribery Act 2010 or section 117(2) Local Government Act 1972, or commits any fraud in connection with any Council contract.

4.4 All contracts shall include relevant specifications and/or briefs / technical requirements which are prepared taking into account the need for effectiveness of delivery, quality, sustainability and efficiency (as appropriate) and any required information as set out in the Council's Procurement Guide.

4.5 All contracts of a value over the Small Procurement Threshold or which involve a substantial risk to the Council must be subject to a written risk assessment, which should be kept on the contract file.

5. Regulatory Context

5.1 All purchasing shall be conducted in accordance with applicable "Regulatory Provisions" which are:

- (a) all relevant statutory provisions;

- (b) the relevant PCR 2015 principles, which are defined in the Council's Procurement Guide;
- (c) the Council's Constitution including these Contract Procedure Rules, the Finance Procedure Rules and the Scheme of Delegation;
- (d) the Council's Procurement Guide and any other relevant guidelines, policies and procedures of the Council.

5.2 In the event of a conflict between any of the above, the following order of precedence applies:

- (a) the PCR 2015;
- (b) other applicable UK legislation;
- (c) the Council's Constitution;
- (d) the Council's Procurement Guide;
- (e) other relevant guidelines, policies and procedures.

6. Responsibilities of Executive Directors, Assistant Directors / Directors and Responsible Officers

6.1 Each Executive Director shall:

- (a) be responsible for the purchasing undertaken by their Directorate;
- (b) be accountable to the Cabinet for the performance of their duties in relation to purchasing;
- (c) comply with the Council's decision-making processes including implementing and operating a Directorate Scheme of Delegation;
- (d) appoint in writing an Assistant Director / Director who shall, subject to Rule 9 below, be an authorised signatory in respect of commissioning related to the Service for which they are responsible, and who will be responsible for ensuring that Responsible Officers within their Service comply with their duties under Rule 6.3 below;
- (e) take immediate action in the event of breach of these Contract Procedure Rules, in accordance with Rule 3 above.

6.2 A "Responsible Officer" is an Officer with responsibility for conducting processes for the purchase of works, supplies (goods) or services on behalf of the Council.

6.3 A Responsible Officer's duties in respect of purchasing are to:

- (a) ensure that expenditure is restricted to essential items only in line with any report under section 114 of the Local Government Finance Act 1988 and the Commissioners' requirements;

- (b) comply with all Regulatory Provisions and ensure the integrity of the tender process;
- (c) comply with relevant statutory provisions and the Council's requirements relating to declarations of interest (including gifts and hospitality) affecting any purchasing process;
- (d) ensure that appropriate analysis of the requirement, timescales, procedure and documentation to be used is undertaken in relation to any purchasing;
- (e) ensure that the purchasing process, from planning to delivery incorporates (where appropriate) principles of sustainability, efficiency, whole life costings and cost savings;
- (f) ensure that the Council's decision-making processes are followed;
- (g) ensure that all contracts of a value over the Small Procurement Threshold are included on the Council's Contract Register which is maintained by Procurement Services;
- (h) ensure that proper records of all contract award procedures, waivers/exemptions and extensions are maintained, with separate files for each purchase of a value over the Small Procurement Threshold;
- (i) ensure that Value of Money is achieved;
- (j) seek advice from the Section 151 Officer as to whether adequate and appropriate security (such as a bond or guarantee), is to be taken to protect the Council in the event of non-performance, and in the case of tenders, whether such security is to be required as part of the tender process;
- (k) seek appropriate advice from Legal Services, Finance and Procurement Services and ensure that it is followed
- (l) ensure that the Council's Document Retention Policy is followed;
- (m) for tenders above £75,000, ensure that a financial evaluation is or has been made of the financial standing of tenderers in accordance with guidance issued by the Section 151 Officer and that this has been recorded by the Head of Procurement; and
- (n) include in all reports seeking Cabinet approval to award a contract a statement to confirm that:
 - the proposed expenditure represents essential spending in line with the requirements of any report under section 114 of the Local Government Finance Act 1988 and/or any directions from Commissioners and/or central government;
 - advice has been sought as appropriate from Legal Services and Procurement Services and that advice has been followed; and

- in their opinion, the tender process has been fair and transparent and in compliance with the relevant provisions of the PCR 2015, UK legislation and these Contract Procedure Rules, or where there are anomalies, clear details of those anomalies.

In respect of contracts for which Cabinet approval is not required (for example, contracts under the Cabinet Approval Threshold) the Responsible Officer will ensure that a similar statement is included on the relevant file.

6.4 In considering how best to procure works, supplies (goods) and services, Executive Directors, Assistant Directors / Directors and/or Responsible Officers (as appropriate in the context), shall take into account wider contractual delivery opportunities and purchasing methods including the use of purchasing schemes and e-procurement / purchasing methods, and the availability of local authority charging and trading powers under the Local Government Act 2003.

7. Scheme of Delegation

7.1 Council purchasing may only be undertaken by Officers with the appropriate delegated authority to carry out such tasks as set out in the Council's Scheme of Delegation. Officers with delegated authority may only delegate to other Officers if expressly allowed to do so in the Scheme of Delegation and as set out in the relevant Directorate Scheme of Delegation (see section 4 of the Scheme of Delegation).

7.2 Officers shall, where appropriate, be informed by their Executive Director of the extent of any delegated authority and the financial thresholds set out in the Finance Procedure Rules (including the Financial Limits Annex), Contract Procedure Rules (including the Procurement Thresholds Annex), and the Scheme of Delegation will apply.

8. Exemptions to these Contract Procedure Rules

8.1 Any exemption or waiver of these Contract Procedure Rules must be:

- (a) fully documented;
- (b) approved in accordance with the Procurement Thresholds Annex and the Scheme of Delegation;
- (c) subject to a written report in advance (in an approved format and in accordance with Rule 10) to Cabinet, the relevant Cabinet Member or to the relevant Executive Director or Assistant Director / Director in line with relevant decision-making thresholds which are set out in the Scheme of Delegation and the Procurement Thresholds Annex. The report shall include reasons for the waiver which demonstrate that the waiver is genuinely required; and
- (d) subject to written approval in advance (in the approved format and in accordance with Rule 10) by Cabinet, the relevant Cabinet Member or the relevant Executive Director, Assistant Director / Director, Section 151 Officer or Procurement Service who shall record that they have considered the reasons for the waiver and that they are satisfied that the circumstances justifying the waiver are genuinely exceptional.

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- 8.2 Exemptions to these Contract Procedure Rules will only apply in exceptional circumstances and should only be applied on advice from Procurement Services and with the approval of the Chief Finance Officer. Details of when an exemption may apply can be found in the Council's Procurement Guide.
- 8.3 Before submitting a request under this Rule 8, the basis for any exemption should be agreed with Procurement Services. Any request for an exemption should be submitted in accordance with guidance issued by the Head of Procurement. All decisions on exemptions must take into account:
- (a) probity; and
 - (b) Best Value / Value of Money principles.
- 8.4 The Chief Finance Officer and the Head of Procurement reserve the right to refuse any application for an exemption. Where an exemption relies on an exception in the PCR 2015, it will be rejected unless evidence is provided to demonstrate that the exception applies.
- 8.5 The Head of Procurement will maintain a register of all approved exemptions, which will include the basis on which an exemption has been approved and will monitor and report the use of exemptions for management control purposes.
- 8.6 For procurements above the PCR Thresholds, the rules pertaining to exemptions in the PCR 2015 will apply.
- 8.7 Any attempt to seek retrospective approval of an exemption will be rejected and will be treated as a potential breach of these Contract Procedure Rules.
- 8.8 Exemptions must not be used to circumvent these Contract Procedure Rules or as a result of poor project planning.
- 8.9 If an exemption is approved, Responsible Officers must:
- (a) ensure that a formal contract is entered into;
 - (b) undertake appropriate due diligence on the relevant supplier before purchasing, and proportionate contract management during the life of the contract;
 - (c) ensure that appropriate approval to award the contract has been given in accordance with the Procurement Thresholds Annex and the Scheme of Delegation, including submitting a report to the relevant Decision Taker in advance setting out the reasons for the exemption and demonstrating that it is genuinely required. The Decision Taker shall record that they have considered the reasons for the waiver and that they are satisfied that the circumstances justifying the waiver are genuinely exceptional; and
 - (d) ensure that the value of the contract does not exceed a PCR Threshold and that no contract extension is sought.
- 8.10 Where an exemption is sought in relation to a Tender from a single source, or to obtain a single Tender from one supplier only, Rule 10.3 applies.

9. Financial Thresholds and Procedures

- 9.1 The Procurement Thresholds Annex sets out the general rules applying to the choice of purchasing procedure for contracts at the stated threshold values.
- 9.2 There is a general presumption in favour of competition. Wherever possible, contract opportunities should be advertised by way of a public notice.
- 9.3 The public notice referred to in Rule 9.2 may take the form of a notice or advertisement in an electronic format, on an easily accessible website or other electronic media and/or in the press, trade journals or Find a Tender (the latter being required where a PCR Threshold applies). The Responsible Officer may choose to place one or more public notices in different media.
- 9.4 A table setting out applicable procurement thresholds is set out in the Procurement Thresholds Annex.
- 9.5 Responsible Officers should act cautiously and must seek advice from the Council's Procurement Officers when considering the procedure to be used and the application of the PCR 2015 to services contracts.
- 9.6 The relevant Executive Director / Assistant Director / Director shall define the level of advice and service which Responsible Officers will be required to seek from Procurement Services and/or any other third party, having reference to the thresholds set out in the Procurement Thresholds Annex, and will publish this in a scheme which he or she will update from time to time.
- 9.7 Where contracts are of a type and value which means that they are subject to the PCR 2015, there are six procurement procedures available:
- (a) open;
 - (b) restricted;
 - (c) competitive procedure with negotiation;
 - (d) competitive dialogue;
 - (e) innovation partnership; and
 - (f) negotiated procedure without prior publication.
- Care must be taken to ensure that the correct and most appropriate procedure is used and assistance on the choice and use of PCR 2015 procedures must be sought in the first instance from Procurement Services and, if required, from Legal Services.
- 9.8 For contracts above the Small Procurement Threshold there are requirements to publish notices on Contracts Finder. Responsible Officers should seek advice from Procurement Services in relation to publishing such notices.

10. Financial Thresholds and Processes for Approval and Execution of Contracts

- 10.1 Subject to the Finance Procedure Rules and provisions within the Council's Constitution regarding Key Decisions, Officers must obtain approval to proceed to tender, approval to award a contract, and approval in respect of any waiver or extension, in writing and in accordance with the Procurement Thresholds Annex.
- 10.2 All applications for approvals to proceed to tender must:
- (a) be fully documented;
 - (b) append a commissioning report (a "Stage 1" report) in an approved format to be submitted in advance to either the Cabinet, relevant Cabinet Member(s) or to the relevant Executive Director or Assistant Director / Director in accordance with Rule 10.1 above and which shall set out the following:
 - (i) an appropriate and proportionate business case setting out the commissioning need and costings;
 - (ii) a draft specification detailing the quality required, which should be proportionate to the priorities of the Council;
 - (iii) appropriate project management arrangements including user and stakeholder involvement and communication plans, risk assessments, an approved form of risk register (referencing the Council's risk register), contingency plans (including requirements under the Civil Contingencies Act 2004) and proposed project management record keeping procedures (including compliance with the Council's Document Retention Policy) during the term of the proposed contract;
 - (iv) confirmation from Legal Services, Procurement Services and Finance that they have been consulted and agree with the commissioning report in so far as it relates to their respective fields; and
 - (v) confirmation that the requirements of Rule 5 above have been, or will be, met;
- 10.3 In addition to the requirements set out in Rule 10.2 above, where a Responsible Officer proposes to seek a Tender from a single source, or to obtain a single tender from one tenderer only, they must consult and obtain agreement from Legal Services and Procurement Services. Any such procurement must be compliant with Regulatory Provisions (including the PCR 2015). The application for approval for such a procurement must also include written authorisation from the Section 151 Officer, setting out one of the following grounds for the authorisation:
- (a) it is known (not assumed) that only one supplier can meet the requirement;
 - (b) continuity of knowledge or synergy with previous work is an overriding consideration;

- (c) the Council has received an unsolicited proposal that contains ideas or concepts in respect of which the intellectual property is owned exclusively by the proposed single tenderer, that the Council wishes to use because it meets immediate needs; or
- (d) the Council urgently needs to meet its statutory obligations.

In exceptional circumstances, an Officer preparing a Cabinet Report seeking approval to proceed to tender may also wish to make a recommendation that Cabinet delegates the authority to make the subsequent decision to award a contract, either to a Council committee or to senior officers. Such a recommendation should only be made in exceptional circumstances where the decision needs to be delegated for reasons of urgency, to expedite the procurement process and must be compliant with Regulatory Provisions.

The rationale for this recommendation should be made clear to Cabinet to allow them to make an informed decision to so delegate. Officers should word any request for a delegation of authority such that Cabinet members are “asked to consider” whether the delegation should be given, so that Cabinet may actively decide whether or not to grant it having regard to the rationale provided.

The outcome of the final procurement decision should be reported back to Cabinet for information at the earliest opportunity.

- 10.4 When a decision is made to award a contract, the Responsible Officer must, in addition to complying with their general obligations under these Contract Procedure Rules ensure, in particular, that:
- (a) the appropriate approvals, including approval to proceed to tender and approval to award the contract, have been obtained to authorise those decisions; and
 - (b) where appropriate, a standstill period complying with PCR 2015 is incorporated into the final award process.
- 10.5 Any contracts valued above the threshold set in the Procurement Thresholds Annex shall be executed as a deed. All other contracts may be signed by Officers with appropriate delegated authority.
- 10.6 Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002 provided the sufficiency of security arrangements has been approved by the appropriate Executive Director or his delegate (taking appropriate advice, where necessary).
- 10.7 In the case of major projects and complex procurements (for example, involving the procurement of frameworks or use of the competitive dialogue, innovation partnership or the competitive procedure with negotiation), the relevant Executive Director / Assistant Director / Director should follow advice from Procurement Services, Legal Services and Finance as to whether:
- (a) a project specific scheme of delegation should be sought and approved by Cabinet (for example, delegating powers of approval to a Cabinet Member) at the beginning of the commissioning process in order to ensure timely approvals at key stages of the procurement process; and/or

- (b) a proportionate gateway review process should be utilised.

10.8 In the event of a civil emergency brought about by events unforeseeable by, and not attributable to, the Council and requiring an immediate response in order to protect the Council or its residents, the relevant Executive Director may, with the consent of the Chief Executive and the Section 151 Officer, and where it is strictly necessary authorise entry into contracts above the Cabinet Approval Threshold on an immediate basis.

Where possible, the Executive Director should request at least one written quote in advance. A full report (following, where relevant, the format set out in Rule 10.2 above) must be submitted by the Executive Director to Cabinet at either the next available Cabinet meeting or the following Cabinet meeting.

11. This Rule 10.8 must be read in conjunction with Rules 3.8 and 7.77 – 7.79 of the Finance Procedure Rules. Calculating the Contract Value

11.1 The contract value shall be a genuine pre-estimate of the value of the entire contract including Value Added Tax. This includes all payments to be made, or potentially to be made, under the entirety of the contract and for the whole of the predicted contract period (including proposed extensions and options).

11.2 Contracts must not be split artificially to avoid the application of Regulatory Provisions.

11.3 The PCR 2015 cover contracts which, individually, are below the stated PCR Threshold but which constitute repeat purchases and/or purchases of a similar type in a specified period and might exceed the PCR Threshold in their totality. Responsible Officers must seek advice on the application of the PCR 2015 where they envisage that they may require repeat purchases and/or purchases of a similar type over a period of time.

12. Principles Underlying Tendering Processes and Tender Evaluation

12.1 All tendering procedures (including obtaining quotes), from planning to contract award and signature, shall be undertaken in a manner that ensures :

- (a) sufficient time is given to plan and run the process;
- (b) equal opportunity and equal treatment;
- (c) openness and transparency;
- (d) probity;
- (e) outcomes which deliver sustainability, efficiency and cost savings (where appropriate); and
- (f) maintenance of accurate and up to date records.

13. Submission and Opening of Tenders

- 13.1 An Invitation to Tender shall be issued for contracts as set out in the Procurement Thresholds Annex and Tenders shall be submitted in accordance with the requirements of the Invitation to Tender.
- 13.2 All Invitations to Tender (including any invitation to quote for procurements over the Small Procurement Threshold) shall be issued and received via the Council's e-tendering system. Tenders will be retained unopened until after the date and time for receipt of Tenders specified in the relevant Invitation to Tender. In exceptional circumstances (and with the agreement of the Head of Procurement) Tenders may be received electronically (in which case, Rule 13.3 shall apply).
- 13.3 Where the Council has indicated in the Invitation to Tender that a Tender may or must be submitted electronically, those Tenders shall be:
- (a) addressed to the email address specified in the Invitation to Tender;
 - (b) in the format specified in the Invitation to Tender;
 - (c) stored in a secure mailbox controlled by Procurement Services, which requires a code or other appropriate security measure to open it; and
 - (d) retained unopened until after the closing date and time specified for receipt of Tender.
- 13.4 No Tender received after the closing time and date specified for receipt of Tenders will be accepted or considered by the Council unless the relevant Executive Director (in consultation with the Head of Procurement) is satisfied that:
- (a) there is sufficient evidence of the Tender having been dispatched in time for it to have arrived before the closing date and time or
 - (b) other exceptional circumstances apply, and
 - (c) the other Tenders have not been opened.
- 13.5 Tenders shall be opened by the relevant Executive Director or their nominee working in conjunction with Procurement Services after the closing date and time specified for receipt of Tenders.
- 13.6 If it is necessary for the period of time for submitting Tenders to be extended, this should be communicated to all tenderers in writing in a fair and equal manner.

14. Evaluation of Quotes and Tenders

- 14.1 All quotes and Tenders must be evaluated in accordance with the evaluation criteria notified in advance to those submitting quotes / Tenders.
- 14.2 Tenders subject to the PCR 2015 shall be evaluated in accordance with the rules set out in the PCR 2015.

- 14.3 Save in exceptional circumstances approved in advance by the relevant Executive Director, all contracts shall be awarded on the basis of the quote or Tender which represents best Value of Money, or where the contract value exceeds the PCR Threshold on the basis of the most economically advantageous Tender to the Council, and not on the basis of lowest price.
- 14.4 Tenders received in an incomplete form must be evaluated in accordance with the Invitation to Tender documents as set out in the Procurement Guide.

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15. Extensions to Existing Contracts

- 15.1 All contracts entered into by the Council must specify:
- (a) the expected termination date;
 - (b) processes to be applied for early termination, variation and waiver; and
 - (c) processes to be applied for extensions to the contract.
- 15.2 In most circumstances, maximum contract periods are as follows:
- (a) 10 years for Major Contracts;
 - (b) 12 months for consultancy contracts; and
 - (c) 6 years for other services, supplies and consumables.
- Advice must be sought from Procurement Services if any longer contract period is required.
- 15.3 Where contracts are to be entered into for longer periods, contract documentation and reports to Members should explain why this is considered to be necessary and why it represents Best Value for the Council.
- 15.4 Where extensions to existing contracts are made, the extensions must be determined in accordance with the contract terms or otherwise by agreement between the parties, for a specified period and made in accordance with Regulatory Provisions and the principles set out in the Council's Procurement Guide, as applicable. Extension of existing contracts includes modification and variation of contracts.
- 15.5 Any extension must be:
- (a) fully documented;
 - (b) approved in accordance with the thresholds set out in the Procurement Thresholds Annex; and
 - (c) approved by the appropriate Decision Taker in accordance with the Procurement Thresholds Annex and the Scheme of Delegation. A report must be submitted to the relevant Decision Taker in advance setting out the reasons for the extension and confirmation from the Section 151 Officer and the Head of Procurement that

the extension is permitted. The Decision Taker shall record that they have considered the reasons for the extension and that they are satisfied that the circumstances justifying the extension are valid.

15.6 Any extension must take into account:

- (a) probity; and
- (b) Best Value / Value of Money principles.

15.7 For contracts subject to PCR 2015, any extension must meet the conditions set out in Regulation 72 thereof in addition to the requirements set out in these Contract Procedure Rules.

16. Purchasing Schemes (including Framework Agreements)

16.1 A Responsible Officer may use purchasing schemes subject to the conditions set out in this Rule 16 and in the Council's Procurement Guide.

16.2 Responsible Officers must confirm in advance that:

- (a) the Council is legally entitled to use the purchasing scheme;
- (b) the purchases to be made properly fall within the coverage of the purchasing scheme
- (c) the establishment and operation of each purchasing scheme is compliant with the PCR 2015 (where they apply) and meets the Council's own requirements (as set out in these Contract Procedure Rules, the Council's Procurement Guide and as otherwise advised by Procurement Services).

17. Procurement Board

17.1 All contracts with a value of £25,000 or more (over the life of the contract) will be reviewed by the Procurement Board in accordance with the Board's terms of reference.

17.2 The Procurement Board will be accountable to, and will provide quarterly reports to, Cabinet.

18. Review of and Changes to these Contract Procedure Rules

18.1 These Contract Procedure Rules shall be reviewed and updated on at least a three yearly cycle. Save in the case of revisions to the PCR Thresholds, amended Contract Procedure Rules shall be agreed and adopted by the Council by resolution following the consideration of a Cabinet Report brought by the Section 151 Officer and the Monitoring Officer –in consultation with the Head of Procurement. Revisions to the PCR Thresholds shall be dealt with in accordance with the Scheme of Delegation.

PROCUREMENT THRESHOLDS ANNEX

1. Introduction

The Public Contracts Regulations 2015 (“PCR 2015”) set out statutory thresholds (i.e., financial limits) for different types of procurement. Any spend by the Council which is above these thresholds must be conducted in accordance with the requirements set out in the PCR 2015. Spend that is below the statutory thresholds should be conducted as set out in the tables in this Procurement Thresholds Annex.

2. Interpretation

Capitalised terms used in this document shall have the meanings given to them in the Council’s Constitution.

This Procurement Thresholds Annex should be read in conjunction with the Contract Procedure Rules.

3. Procurement Thresholds

The current statutory spend thresholds are as follows:

Goods and Services	Up to £213,477
Works	Up to £5,336,937
Light Touch Regime	Up to £663,540

When applying the thresholds in this Procurement Thresholds Annex, contract values should be calculated on the basis of the whole life of the contract and should **include VAT**. No deduction should be made for any available VAT recovery and the standard rate of VAT (currently 20%) should be used.

When advertising a contract, and for contract award notices, the estimated contract value should be provided **exclusive of VAT**.

Note that the Procurement Thresholds in the PCR 2015 are subject to change and should be confirmed with Legal Services and Procurement before commencing a procurement exercise.

4. Key Decisions

Notwithstanding the rules set out in this Procurement Thresholds Annex, where any procurement requires a Key Decision to be made, that Key Decision must be given and recorded before proceeding to procure. Key Decisions require Cabinet approval as set out in the Constitution.

5. Exemptions

Any exemption to the Contract Procedure Rules and/or the requirements set out in this Procurement Thresholds Annex must be in accordance with Rule 8 of the Contract Procedure Rules and any other guidance in the Procurement Guide issued by the Head of Procurement. An exemption may not be used for an Above Threshold Procurement. The presumption is in favour of competitive process i.e., undertaking further / mini competitions via a Framework Agreement except in circumstances where the only call off process under a Framework is via a direct award.

6. Frameworks

There are a number of procurement organisations that provide framework agreements that have been compliantly procured under the PCR 2015 from which the Council can call off. Each framework will have its own call-off process, which could be a mini-competition or direct award. The Procurement team will provide support on finding suitable frameworks and support you through the process to award via the framework.

Any procurement that uses a framework must be compliant with the terms of the framework and the PCR 2015.

7. Procurement Board

All contracts with a value of £25,000 or more (over the life of the contract) will be reviewed by the Procurement Board in accordance with Rule 17 of the Contract Procedure Rules.

GOODS AND SERVICES

The following table sets out the procurement procedures that apply to the purchase of goods and services by the Council.

For the avoidance of doubt, goods and services includes the procurement of consultancy and other professional services, and the procurement of agency staff.

Value	Prior Council Approval before Procurement	Procurement Process	Exemption from Rules	Decision to Award	Other
Up to £30,000 (“Small Procurement Threshold”)	Expenditure Control Panel (“ECP”) approval required	At least 1 written quote unless an appropriate contract already exists	Not applicable	Budget Manager, Head of Service, Assistant Director / Director or Executive Director approval given	Must demonstrate Best Value
Above £30,000 and up to £74,999	Approval from Strategic Approval Panel (“SAP”) required	Undertake quotation process At least 3 written quotes	Exemption process approved in line with Rule 8 of the Contract Procedure Rules	Dependent on value, Executive Director or Assistant Director / Director (see “Procurement Approvals” below)	To be published on: <ul style="list-style-type: none"> • E-tendering Portal • Contracts Finder • Find a Tender (if Invitation to Tender issued) Does not apply when procuring via a Framework

Value	Prior Approval Procurement	Council before	Procurement Process	Exemption Rules	from Decision to Award	Other
£75,000 to £213,477	Approval from SAP	required	Competitively advertised tender, in accordance with advice from Procurement Services, Legal and Finance	Exemption process approved in line with Rule 8 of the Contract Procedure Rules	Dependent on value, Executive Director or Assistant Director / Director (see "Procurement Approvals" below)	To be published on: <ul style="list-style-type: none"> • E-tendering Portal • Contracts Finder • Find a Tender (if Invitation to Tender issued) Does not apply when procuring via a Framework

Value	Prior Council Approval before Procurement	Procurement Process	Exemption from Rules	Decision to Award	Other
Above £213,477 (an Above Threshold Procurement)	Approvals Required from <ul style="list-style-type: none"> • SAP; and • for contracts with a value over the Key Decision Threshold, Cabinet 	Procurement process to be conducted in accordance with PCR 2015	Exemption process subject to the PCR 2015 and Rule 8 of the Contract Procedure Rules	Dependent on value, Executive Director or Assistant Director / Director (see “Procurement Approvals” below)	To be published on: <ul style="list-style-type: none"> • E-tendering Portal • Contracts Finder • Find a Tender (if Invitation to Tender issued) Does not apply when procuring via a Framework

LIGHT TOUCH REGIME

The Light Touch Regime applies to the procurement of public service contracts for social care services and certain other specified contracts pursuant to Regulation 5 of the PCR 15 as follows:

Value	Prior Council Procurement Approval before Procurement	Procurement Process	Exemption Rules	from Decision to Award	Other
Up to the Small Procurement Threshold	ECP approval required	At least 1 written quote unless an appropriate contract already exists	Not applicable	Budget Manager, Head of Service, Assistant Director / Director or Executive Director approval given	Must demonstrate Best Value
Above Small Procurement Threshold and up to £663,540	Approvals Required from <ul style="list-style-type: none"> • SAP; and • for contracts with a value over the Key Decision Threshold, Cabinet 	Competitively advertised tender, in accordance with advice from Procurement Services, Legal Services and Finance	Exemption process approved in line with Rule 8 of the Contract Procedure Rules	Dependent on value, Executive Director or Assistant Director / Director (see “Procurement Approvals” below)	To be published on: <ul style="list-style-type: none"> • E-tendering Portal • Contracts Finder • Find a Tender (if Invitation to Tender issued) Does not apply when procuring via a Framework

Value	Prior Approval Procurement	Council Procurement before Process	Exemption Rules	from Decision to Award	Other
Above £663,540	Approvals required from <ul style="list-style-type: none"> • SAP; and • for contracts with a value over the Key Decision Threshold, Cabinet 	Procurement process to be conducted in accordance with PCR 2015	Exemption process subject to the Public Contracts Regulations 2015 in addition to Rule 8 of the Contract Procedure Rules	Dependent on value, Executive Director or Assistant Director / Director (see “Procurement Approvals” below)	To be published on: <ul style="list-style-type: none"> • E-tendering Portal • Contracts Finder • Find a Tender Does not apply when procuring via a Framework

WORKS AND CONCESSIONS

The following table sets out the procurement procedures that apply to the procurement of works and concessions by the Council.

Value	Prior Approval Procurement	Council approval before Procurement	Procurement Process	Exemption Rules	from Decision to Award	Other
Up to the Small Procurement Threshold	ECP required	approval	At least 1 written quote unless an appropriate contract already exists	Not applicable	Budget Manager, Head of Service, Assistant Director / Director or Executive Director approval given.	Must demonstrate Best Value
Above Small Procurement Threshold and up to £499,999	Approval from SAP	required	Undertake quotation process At least 3 written quotes	Exemption process approved in line with Rule 8 of the Contract Procedure Rules	Dependent on value, Executive Director or Assistant Director / Director (see “Procurement Approvals” below)	To be published on: <ul style="list-style-type: none"> • E-tendering Portal • Contracts Finder • Find a Tender (if Invitation to Tender issued) Does not apply when procuring via a Framework

Value	Prior Approval Procurement	Council Procurement before Process	Exemption Rules	from Decision to Award	Other
Above £500,000 and up to £5,336, 937	Approvals required from <ul style="list-style-type: none"> • SAP; and • for contracts with a value over the Key Decision Threshold, Cabinet 	Competitively advertised tender, in accordance with advice from Procurement Services, Legal Services and Finance	Exemption process approved in line with Rule 8 of the Contract Procedure Rules	Dependent on value, Executive Director or Assistant Director / Director (see “Procurement Approvals” below)	To be published on: <ul style="list-style-type: none"> • E-tendering Portal • Contracts Finder • Find a Tender Does not apply when procuring via a Framework
Above £5,336,937 (an Above Threshold Procurement)	Approvals required from <ul style="list-style-type: none"> • SAP; and • for contracts with a value over the Key Decision Threshold, Cabinet 	Procurement process to be conducted in accordance with PCR 2015	Exemption process subject to the Public Contracts Regulations 2015 in addition to Rule 8 of the Contract Procedure Rules	Dependent on value, Executive Director or Assistant Director / Director (see “Procurement Approvals” below)	To be published on: <ul style="list-style-type: none"> • E-tendering Portal • Contracts Finder • Find a Tender Does not apply when procuring via a Framework

PROCUREMENT APPROVALS

The approvals in the table below apply to any proposal to:

- (a) proceed to tender;
- (b) award a contract;
- (c) waive any part of the Contract Procedure Rules;
- (d) extend a contract; and
- (e) make a variation to a contract with financial implications above the Key Decision Threshold.

Approver	Financial Threshold	Conditions
Cabinet or Cabinet Member with delegated authority (“ Delegated Cabinet Member ”)	Contracts with a value above the Key Decision Threshold	
Executive Director in conjunction with the Cabinet Member holding the relevant portfolio, or their delegate	Contracts with a value up to the Key Decision Threshold	For contracts above £350,000, the Executive Director and Cabinet Member must exercise the approval power personally and may not delegate
Executive Director, or their delegate	Contracts with a value up to £500,000	For contracts above £350,000, an Executive Director must exercise the approval power personally and may not delegate
Assistant Director / Director	Contracts with a value up to £350,000	Not to be exercised by a delegate

<p>Executive Director or Assistant Director / Director</p>		<ul style="list-style-type: none">• the Delegated Cabinet Member has been consulted by means of a written report; and• the written report sets out the nature of the contract, the tenders received and a recommendation as to the course of action proposed; and• the Delegated Cabinet Member has signified in writing their approval to the course of action proposed
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Part 3 – Finance Procedure Rules

Introduction

The Council controls many millions of pounds of public money. These Finance Procedure Rules aim to ensure that the Council manages its affairs with the highest standards of financial integrity and accountability expected by the taxpayers who fund Council services.

The Section 151 Officer's role

The Local Government Act 1972 requires that the Council appoints a suitably qualified person to be responsible for the proper administration of the Council's financial affairs. The Council's Chief Finance Officer is appointed under section 151 of this Act and shall act as the Council's Section 151 Officer. References to the Chief Finance Officer and the Section 151 Officer in this Constitution are to be read interchangeably.

The Chief Finance Officer is also responsible for maintaining a continuous review of the Finance Procedure Rules and for updating them, as necessary. No such revision may affect the powers of the Cabinet, Cabinet Members, Committees or Sub-Committees without the approval of the Council and any such revision must be reported to Cabinet and the Standards and Audit Committee as soon as practicable.

The Section 151 Officer must report, as appropriate, breaches of the Finance Procedure Rules to the Cabinet and/or to the Council.

Section 114 of the Local Government Finance Act 1988 prescribes that the Section 151 Officer must make a report if:

- (a) the Council, or someone acting on its behalf, has or is about to incur unlawful expenditure;
- (b) the Cabinet, or someone acting on its behalf, has or is about to incur unlawful expenditure;
or
- (c) the expenditure to be incurred by the Council during a financial year is likely to exceed its available resources.

Any reference to the Section 151 Officer in these Finance Procedure Rules includes their nominated deputy, except for the making of a report under section 114 of the Local Government Finance Act 1988.

The purpose of the Finance Procedure Rules

These Finance Procedure Rules are made to regulate the Council's financial administration and control processes. They set out standards to ensure that the Council:

- (a) uses its resources wisely and for the purposes intended;
- (b) follows best practice for dealing with financial matters;
- (c) seeks improvement in Value of Money, service delivery and customer satisfaction; and
- (d) secures its financial sustainability.

The Finance Procedure Rules seek to maintain an appropriate balance between managing risk in accordance with CIPFA best practice, innovation, and meeting the Council's statutory duties and corporate objectives.

This includes meeting any specific responsibilities or directions placed on the Council by Commissioners or central government departments. Officers and Members, and others acting on the Council's behalf, (there are separate Finance Procedure Rules applicable for Schools) are authorised to make decisions in accordance with these Finance Procedure Rules.

These Finance Procedure Rules do not authorise any person to make a decision which is contrary to any provision in the Constitution or which exposes the Council to an unacceptable level of financial or operational risk.

Understanding of the Finance Procedure Rules

It is the responsibility of Chief Officers to bring the Finance Procedure Rules to the attention of all Officers, ensuring that necessary training is provided to Officers, and monitoring compliance by Officers with these Finance Procedure Rules. All Budget Managers must have access to a copy of these Finance Procedure Rules and should receive appropriate training in relation to their Budget responsibilities.

The Finance Procedure Rules themselves are not of any use unless everyone understands them, and the processes, procedures and guidance that underpin them, and adheres to them in their everyday work. **If anyone knowingly fails to comply with the Finance Procedure Rules, this constitutes misconduct and may result in Disciplinary Action.**

Structure of the Finance Procedure Rules

The Council's Finance Procedure Rules set out the control framework in the following sections:

- Roles and responsibilities (Rule 1)
- Financial planning (Rule 2)
- Financial management (Rule 3)
- Accounting records and financial systems (Rule 4)
- Risk and opportunity management including insurance (Rule 5)
- Control of resources and asset management (Rule 6)
- Financial administration (Rule 7)
- External arrangements (Rule 8)

Further guidance

The Finance Procedure Rules are supplemented by further guidance notes. Issued by the Chief Finance Officer, they act as further guidance for the implementation of financial procedures by Officers acting on behalf of the Council.

The Finance Procedure Rules should be used in conjunction with:

- the rest of the Council's Constitution, including the Contract Procedure Rules and the Code of Conduct;
- the Scheme of Delegation and Directorate Schemes of Delegation (including financial delegations);
- the Financial Limits Annex;
- the Council's [Whistleblowing Policy and Procedure](#);
- the Anti-Fraud and Corruption Strategy;
- the Audit Protocol
- the IT Security Policy;
- Directorate Guidance and Procedure Notes; and
- the Council's Document Retention Policy.

The Section 151 Officer will:

- (a) issue advice, guidance and accounting instruction notes to underpin the Finance Procedure Rules;
- (b) ensure compliance with specific statutory provisions; and
- (c) reinforce best professional practice.

Members, Officers, and others acting on behalf of the Council are required to comply with any advice and guidance issued by the Section 151 Officer and their deputy. The Section 151 Officer will review and update (as necessary) these Finance Procedure Rules on an annual basis to ensure that they are fit for purpose and comply with best practice.

The Scheme of Delegation to Officers, which is set out in Chapter 6 of the Constitution, defines how the responsibilities within the Finance Procedure Rules are reserved or delegated to Officers.

If anyone is in doubt about the application of the Finance Procedure Rules or any of the documents referenced within the Rules, they should seek advice from the Section 151 Officer or their deputy.

1. Rule 1 – Roles and Responsibilities

Introduction

1.1 The general roles and responsibilities of Members, Officers and External Auditors are set out within the Council's Constitution. More detail on the roles and responsibilities of Commissioners is also provided in Chapter 0 of this Constitution. The purpose of this Rule 1 is to explain the roles and responsibilities of Members, Officers and External Auditors (and how those interact with the role of the Commissioners) with respect to financial matters.

Sound financial planning, management and administration are essential to:

- implement the specific requirements placed on the Council by Commissioners and central government,
- plan and maintain the effective use of resources to achieve agreed service standards;
- comply with legal and corporate accounting requirements;
- provide accurate and complete accounts that demonstrate accountability to the public;
- ensure the appropriate use and security of financial and physical assets; and
- help the Council conduct its affairs in an efficient, effective, and economic manner.

1.2 The general roles and responsibilities of the different bodies of the Council are set out in full in the relevant section of the Constitution. The key areas of responsibility of Council bodies in relation to financial matters are set out below.

Roles and Responsibilities

1.3 Members and Officers of the Council shall carry out the roles and responsibilities as set out below.

Council

1.4 The Council is responsible for:

- overall responsibility for the Policy Framework and the Budget;
- approving the Finance Procedure Rules;
- making arrangements for the proper administration of its financial affairs and to secure that one of its Officers has responsibility for the administration of these affairs; and
- making arrangements for approving the statutory annual statement of accounts in accordance with the timeframes set by applicable regulations.

Cabinet

1.5 Cabinet is responsible for:

- preparation of the Budget and policies forming part of the Policy Framework and making recommendations on them to Council;
- taking decisions on resources and priorities to deliver and implement the Policy Framework within the Budget;
- determining overall Council priorities within the Budget and the Policy Framework, to keep under review those priorities, and to approve specific plans and strategies;
- monitoring the achievement of policies and objectives within the resources allocated, with the Overview and Scrutiny Committees; and
- monitoring the Council's financial and service performance and making changes, within the Budget and the Policy Framework, to ensure that the Budget is met within the limits determined by the Council, including the agreed reserves strategy.

Cabinet Member for Finance

1.6 The Cabinet Member for Finance has specific strategic responsibility for financial administration and management, including preparation and management of the Revenue Budget and the Capital Programme, precepts, levies and borrowing.

Overview and Scrutiny Committees

1.7 Overview and Scrutiny Committees are responsible for:

- implementing Call-in of decisions made by Cabinet Members which fall within their remit, to consider whether decision-making by Cabinet Members is robust and transparent; and
- monitoring the achievement of policies and objectives which fall within their remit, within the resources and priorities determined by Cabinet.

In this context, the Corporate Overview and Scrutiny Committee is responsible for:

- scrutinising the financial arrangements and performance of the Council, including considering the financial position and management of the Council's finances, Revenue Budget and Capital Programme; and
- contributing to the Council's objectives in relation to the overall strategic direction, policies and priorities of the Cabinet and of the Council, including the overall corporate Revenue Budget and Capital Strategy, financial resources, precepts and levies.

Standards and Audit Committee

1.8 Standards and Audit Committee is responsible for:

- approving the Council's Annual Statement of Accounts;
- considering the Council's arrangements for corporate governance and risk management and approving the Annual Governance Statement;

- all matters related to the appointment of the Council's External Auditor;
- assessment against the CIPFA FM Code;
- receiving, considering and commenting on reports issued by the External Auditor, including the External Auditor's annual audit plans, reports on the Financial Statements, annual audit letters, reports on specific matters, and written recommendations;
- ensuring that there are effective relationships between External Audit and Internal Audit, inspection agencies and other relevant bodies, and that the value of audit is actively promoted;
- receiving reports from the Council's Internal Auditor on the outcome of audit reviews and investigations and implementing recommendations, including the annual report of the Chief Internal Auditor; and
- monitoring the effectiveness of the Council's Finance Procedure Rules, procurement policies and procedures and its strategies for counter fraud and corruption, declarations of interest, gifts and hospitality, whistleblowing and anti-money laundering.

Head of Paid Service

1.9 The Head of Paid Service is responsible for:

- providing strategic management and establishing a framework for management direction, style and standards;
- securing a process for resource allocation that ensures due consideration of national policy and corporate priorities; and
- ensuring arrangements are in place to monitor and manage the performance of the Council.

Section 151 Officer

1.10 As stated above, Section 151 of the Local Government Act 1972 specifies that every local authority shall arrange for the proper administration of their financial affairs and ensure that one of their officers has responsibility for the administration of those affairs. The Council's Chief Finance Officer is the designated Officer for this purpose.

1.11 The Section 151 Officer's deputy fulfils this role in their absence.

1.12 In addition to the statutory duties arising under section 151 of the Local Government Act 1972 and section 114 of the Local Government Finance Act 1988, the Section 151 Officer has the following statutory duties:

- a requirement under the Local Government and Housing Act 1989 to consult the Monitoring Officer and the Head of Paid Service before making a report to the Council under section 114 of the Local Government Finance Act 1988;

- a requirement under section 25 of the Local Government Act 2003 to make a report to the Council when it is considering its Budget and council tax, that addresses the robustness of the estimates and adequacy (or otherwise) of reserves; and
- a requirement under the Accounts and Audit Regulations 2015 to ensure that the accounting control systems are observed, that the accounting records are maintained in accordance with proper practices, and that they are kept up to date.

1.13 To fulfil these statutory duties and legislative requirements, the Section 151 Officer will:

- set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices and monitor compliance with them;
- determine the accounting records to be kept by the Council;
- ensure that there is an appropriate framework of budgetary management and control;
- monitor performance against the Budget and advise on the corporate financial position;
- ensure proper professional practices are adhered to and act as "head of profession" in relation to the standards, performance and development of finance staff throughout the Council;
- prepare and publish the Council's Statement of Accounts for each financial year, in accordance with the timetable and arrangements specified by law;
- make proper arrangements for the audit of the Council's annual Statement of Accounts;
- ensure that claims for funding, including grants, are made by the due date and in compliance with the terms and conditions of the awarding body;
- make proper arrangements for the overall management of the Council's Internal Audit function;
- manage treasury management activities in accordance with the Council's Treasury Management Policy Statement, Treasury Management Strategy and Prudential Indicators; and
- implement any additional arrangements, policies or procedures relating to financial matters, as directed by the Commissioners and central government departments.

Monitoring Officer

1.14 The Monitoring Officer is responsible for:

- reporting, after consultation with the Head of Paid Service and the Section 151 Officer, any actual or potential breaches of the law or maladministration to the Council and/or to Cabinet;
- advising whether the decisions of Cabinet are in accordance with the Budget and the Policy Framework;

- providing advice to all Members on the scope of their powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues; and
- implementing any additional arrangements, policies or procedures relating to governance issues, as directed by the Commissioners and central government departments.

Executive Directors

1.15 Executive Directors have delegated responsibility for the financial management of their Services.

1.16 This responsibility must be exercised within the corporate financial management framework determined by the Section 151 Officer, and includes:

- putting in place appropriate Budget management and delegation arrangements to ensure the effective use of resources, the safeguarding of assets, and the operation of a system of appropriate internal controls;
- maintaining adequate arrangements for the identification, management and reporting of strategic and operational risks;
- promoting appropriate financial management standards within their Services, and monitoring adherence to those standards and good practice, liaising as necessary with the Section 151 Officer, and ensuring that relevant training is provided to Officers with financial management responsibilities;
- maintaining adequate accounting records that support all of the balances and transactions in the accounts and all items of income and expenditure;
- ensuring transparency of decision-making in line with Scheme of Delegation requirements (including their Directorate Scheme of Delegation);
- ensuring that all decisions are based on accurate, up to date and unbiased information;
- promoting sound financial practices in relation to the standards, performance, and development of Officers in their Services;
- advising Cabinet Members and the Section 151 Officer of the financial implications of all proposals in relation to their Services;
- seeking approval in accordance with the Scheme of Delegation, and in conjunction with the Section 151 Officer, on any matter liable to affect the Council's finances materially (in accordance with guidance issued by the Section 151 Officer), before any commitment is made;
- obtaining the approval of the Section 151 Officer in relation to any proposal to commission external financial and/or tax advisory services on behalf of the Council (this requirement does not apply to the Monitoring Officer, although they must consult the Section 151 Officer before commissioning such advice);

- consulting with, and obtaining the approval of, the Section 151 Officer before making any changes to accounting records or procedures;
- complying with the following principles when allocating accounting duties:
 - the duties of providing information about sums due to or from the Council and calculating, checking (including reconciling the accounts) and recording these sums must be separate from the duty of collecting or disbursing them; and
 - employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions;
- ensuring that claims for funds (including grants, contributions and 'match funding') are made in accordance with accounting instructions issued by the Section 151 Officer and the conditions defined by the awarding body, by the due date, and that appropriate records are maintained;
- contributing to the development of performance plans in line with statutory requirements;
- contributing to the development of corporate and Service targets and objectives and performance information;
- Taking responsibility for their Directorate in relation to the annual corporate governance review and corporate systems of risk management; and
- ensuring that Budget Managers have effective procedures for safeguarding the Council's resources.

Executive Directors' Board

1.17 The Executive Directors' Board is responsible for:

- oversight of overall performance, including financial performance; and
- deciding or recommending management and/or policy action across the Council to ensure that the Council remains within its Budget and Medium Term Financial Strategy.

Assistant Directors / Directors and Budget Managers

1.18 Assistant Directors / Directors and Budget Managers are responsible for:

- determining the appropriate level of control within their areas of responsibility in accordance with advice and guidance provided by the Section 151 Officer, their Executive Directors and the Council's External Auditors and Internal Auditors.
- ensuring that all Officers for whom they are responsible understand and comply with the Finance Procedure Rules, Contract Procedure Rules, Council policies and Directorate instructions (including Directorate Schemes of Delegation);
- monitoring compliance within these regulations, policies and instructions;

- identifying the short-, medium- and long-term financial implications of policy, legislative requirements and Service standards;
- planning and maintaining effective use of resources to achieve agreed Service delivery standards within the Budget;
- achieving and demonstrating Best Value for commissioned and provided services;
- taking or recommending actions where necessary to stay within the Budget;
- clearly understanding the consequences of a lack of financial control and taking steps to ensure that financial control measures are followed;
- ensuring that all Officers for whom they are responsible understand and have access to a copy of the Council's Anti-Fraud and Corruption Strategy and associated guidance; and
- operating processes to check that established controls are in place and evaluating their effectiveness.

Officers

1.19 All Officers are responsible for:

- following the Finance Procedure Rules, Contract Procedure Rules, Code of Conduct, Council policies and Directorate instructions (including Directorate Schemes of Delegation).
- ensuring that Council resources are only used for carrying out the business of the Council;
- enabling the Council to achieve open and transparent administration by supporting approved fraud prevention strategies and avoiding potential conflicts of interest;
- assisting the Council's External Audit and Internal Audit processes;
- keeping accurate and comprehensive records to support transactions undertaken on the Council's behalf; and
- raising concerns regarding financial misconduct in accordance with the [Whistleblowing Policy and Procedure](#).

Internal Audit

1.20 Internal Audit will review, appraise and report upon:

- the extent of compliance with, and effectiveness of, relevant policies, plans and procedures;
- the adequacy and application of financial and other related management controls;
- the suitability of financial and other related management data;

- the extent to which the Council's assets and interests are accounted for and safeguarded from loss of any kind from:
 - fraud and other offences;
 - waste, extravagance and inefficient administration; and
 - inefficient Value of Money or other causes; and
- Executive Directors' self-assessments of the status of the governance framework, including systems of internal controls in place, for each of their Service areas.

1.21 Further details of the role of Internal Audit are set out in Rule 5.

External Audit

1.22 External Audit will:

- report on whether the Council's accounts and statements present a true and fair view of the Council's financial position;
- complete a Value of Money assessment of the Council; and
- Carry out agreed ad hoc projects.

1.23 Further details of the role of External Audit are set out in Rule 5.

2. Rule 2 – Financial Planning

Policy Framework

2.1 The Council is responsible for agreeing its Budget and Policy Framework before the start of each financial year.

2.2 The key elements of the Council's Budget with regard to financial planning are:

- a statement under section 25 of the Local Government Act 2003;
- Revenue Budget;
- Capital Programme;
- trading activities' financial targets;
- contingency funds, reserves and balances;
- council tax base and setting the council tax;
- business rates tax base;
- Capital Strategy (comprising the limits for borrowing, the Treasury Management Strategy, and the Minimum Revenue Provision (MRP) policy, together with appropriate strategies for the repayment of debt);

- Housing Revenue Account (HRA);
- Investment Management and Disinvestment Strategies;
- Asset Management Plan;
- asset use and asset disposal strategies;
- asset condition survey outcomes;
- use of Dedicated Schools Grant (DSG) and budgets delegated to schools, together with any plans in place for reducing DSG overspends; and
- annual pay policy statement.

Medium Term Financial Strategy

- 2.3 The Medium Term Financial Strategy brings together the key assumptions about financing resources (including council tax, non-domestic rates and general government grants) and spending pressures over the medium to longer term. This enables the Council to plan for financial risks and monitor and control the way resources are allocated and spent to meet the Council's objectives and to secure Best Value.
- 2.4 The MTFs informs the setting of Service financial targets for the annual Revenue Budget and capital payments guidelines, which give authority to Budget Managers to incur expenditure to meet Service standards and targets.
- 2.5 It is the responsibility of the Section 151 Officer to ensure that reports are presented to Council, as part of the annual Budget setting process, on the medium-term budget prospects and the resource constraints set by the government.
- 2.6 Detailed processes for the preparation of the Medium Term Financial Strategy (including Directorate Medium Term Financial Strategies), Revenue Budget and Capital Programme shall be issued by the Section 151 Officer. These will take into account:
- the need for Directorates to demonstrate Best Value, efficiency and effectiveness in current Services and proposals for change;
 - the Service impact of national and local policy priorities, including statutory requirements;
 - policy choices available to the Council, including the implementation of all relevant statutory requirements and any specific directions from Commissioners and central government departments;
 - the issuing of resource envelopes;
 - the risks and opportunities in implementing changes;
 - the impact of proposals in the medium-term; and
 - exit strategies related to one-off or time limited funding.

Revenue income and expenditure

- 2.7 Revenue income and expenditure represents the current or day to day running costs, and associated receipts, of the Council. This includes salaries, heating and lighting, payments to contractors, travelling and office expenses, income raised by charging Service users, and government grants.

Revenue Budget

- 2.8 Budgets (spending plans) ensure that the Council can plan, authorise, monitor and control the way money is allocated and spent.
- 2.9 The Revenue Budget must be constructed to ensure that resources are allocated in a way that reflects the Service plans and priorities of the Council as a financial representation of its strategy. The Section 151 Officer is responsible for developing and maintaining a resource allocation process that ensures this is achieved.

Budget preparation

- 2.10 The Chief Executive, the Cabinet Member for Finance and the Leader, in conjunction with the Section 151 Officer, will manage the preparation of the Budget on an annual basis for consideration by the Council. The Budget will include allocations to different Services and projects, proposed taxation levels, reserves and contingencies.
- 2.11 During the Section 114 Period, the Budget will be restricted to core services and essential expenditure only. In this context, the primary aim of Budget setting and Budget management will be:
- the identification and delivery of savings in accordance with the directions of the Section 151 Officer; and
 - implementing strategies to reduce borrowing.

As part of Budget setting preparations, supplementary guidance will be provided by the Section 151 Officer to spending departments detailing the expected processes for identifying, delivering and recording financial savings.

- 2.12 To ensure a consistent approach across the Council, the Section 151 Officer, in consultation with the Cabinet Member for Finance, will issue detailed guidance, procedures and a timetable for production of the Budget. This will provide a format for each Directorate to use to prepare its Service Budget(s). The Cabinet Member for Finance will, in consultation with the Section 151 Officer, review the detailed draft Revenue Budget and Capital Programme prepared by each Service in accordance with the guidance and timetable set by the Section 151 Officer.
- 2.13 Detailed Service Budgets will be subject to challenge and review through the process determined by the Section 151 Officer. Any proposed changes to Service levels because of Budget plans will be subject to an Equalities Impact Assessment as part of the consideration process before approval and implementation. The Council will engage partners in the Budget preparation process where possible and appropriate.

2.14 The Section 151 Officer has a statutory duty to report on the Budget proposals presented to Council (see Rule 1.12). Executive Directors must provide the Section 151 Officer with any information required to enable the robustness of their Budget proposals to be assessed.

2.15 The Budget and the proposed level of taxation will be presented for approval by Full Council, following recommendation by the Cabinet. Council tax and non-domestic rates must be set by 1st March in the year prior to the year of taxation.

Responsibilities in relation to the Budget

2.16 Members and Officers of the Council shall have the responsibilities set out below in relation to the Budget.

Full Council

2.17 Full Council is responsible for:

- agreeing the Budget and Policy Framework, which will be proposed by Cabinet;
- setting the procedures for agreeing in-year variations to approved Budgets, plans and strategies;
- determining when a decision will be deemed to be contrary to the Budget or the Policy Framework, any such decision to be referred to Full Council by the Monitoring Officer; and
- setting the level at which Cabinet may reallocate Budget funds from one Directorate to another.

Cabinet

2.18 Cabinet is responsible for:

- proposing a Budget and a Policy Framework for approval by Full Council; and
- taking in-year decisions on resources and priorities in order to deliver the Budget and the Policy Framework within the financial limits set by the Council.

2.19 Each year, the Chief Finance Officer shall report to Cabinet on the capital and revenue financial situation of the Council and on future financial scenarios in relation to the coming year's Budget prospects and long-term trends to inform the Budget process. Having regard to the Chief Finance Officer's reports and advice, Cabinet shall recommend the general Budget strategy to be adopted with regard to preparation by Directorates of their annual Directorate Budget submissions.

2.20 The Chief Finance Officer must report to Full Council on the spending plans identified in the Budget, and the council tax calculation for the Budget year, and report on the robustness of estimates that:

- direct resources towards Council priorities in an achievable way;
- reflect the best estimates of pay and price increases available at the time;

- consider and recognise the major financial risks facing the Council; and
 - contain proposals for increased income or reduced expenditure that are achievable.
- 2.21 The Chief Finance Officer must also report on the adequacy of the level of Council reserves and their sufficiency to meet the known and quantified financial risks facing the Council over the medium term.
- 2.22 The Chief Finance Officer will ensure that Executive Directors are provided with guidance to support them in preparing their draft Directorate Service Budgets. This guidance will cover:
- legal requirements;
 - medium-term planning prospects;
 - available resources;
 - spending pressures;
 - Best Value and other relevant government guidelines;
 - other internal policy documents; and
 - cross-cutting issues (where relevant).
- 2.23 Executive Directors must prepare detailed draft Service Budgets (revenue and capital) for their Directorate, in consultation with the Chief Finance Officer, and in accordance with the guidance and timetable set by the Chief Finance Officer, for consideration by Cabinet. This shall include proposals for investment, demand growth and savings, and income growth to achieve improved economy, efficiency and effectiveness of Services.

Format of the Budget

- 2.24 The format of the Budget determines the level of detail to which financial control and management will be exercised. The format shapes how the virement rules operate and sets the level at which funds may be reallocated within and between Budget heads (see Rules 3.13 to 3.15 for further details).
- 2.25 The format of the Budget will be set by the Section 151 Officer to ensure that appropriate detail is included.

Maintenance of reserves

- 2.26 Reserves are maintained to enable the Council to cope with unpredictable financial pressures, and to plan for future spending commitments. A general reserve is maintained as a contingency to protect the Budget against cost pressures, whilst earmarked reserves are held to protect funds for specific purposes.
- 2.27 The Section 151 Officer is responsible for recommending to Cabinet and the Council the adequate level of unallocated General Fund and Housing Revenue Account Reserves, the Reserves Strategy and any limitations or conditions on the use of such unallocated reserves. This will be based upon:

- an assessment of the robustness of the Budget and adequacy of reserves under section 25 of the Local Governance Finance Act 2003;
 - the projected level of reserves for the year and in the medium term compared to a risk assessment based on the Budget risk register and the corporate risk register; and
 - an ongoing assessment of the above.
- 2.28 The creation of any reserve will be subject to the approval of the Cabinet Member for Finance, on the advice of the Section 151 Officer. For each reserve established, a proforma will be completed and signed off in accordance with the approvals set out in the Financial Limits Annex, clearly articulating the purpose, usage (including the timeframe for usage), and the basis of transactions.
- 2.29 Increases in existing reserves arise due to:
- the Budget setting process, which requires Full Council approval;
 - the return of funds previously drawn from reserves that are no longer required for the agreed purpose, which requires approval by the Section 151 Officer; or
 - the transfer of an underspend into reserves.
- 2.30 The withdrawal of funds from reserves is subject to approval in accordance with Rules 3.16 to 3.23 on supplementary estimates. No funds withdrawn from a reserve may be spent, other than for the purpose agreed at the time the withdrawal was approved, without the prior agreement of the Section 151 Officer, the Monitoring Officer and the Cabinet Member for Finance. All utilisation of reserves should be reported to Members.
- 2.31 Directorates shall review and certify annually all their relevant earmarked reserves and provisions following guidance provided by the Section 151 Officer.
- 2.32 Under section 114 of the Local Government Finance Act 1988, the Section 151 Officer must report to Council if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted, and it is forecast that the Council will not have the resources to meet its expenditure in a particular financial year.

Capital expenditure

- 2.33 Expenditure is classified as capital expenditure when it results in the acquisition or construction of an asset (e.g., land, buildings, roads and bridges, vehicles, plant and equipment) that:
- will be held for use in the delivery of services; and
 - is expected to be used during more than one financial year.

Subsequent expenditure on existing assets is also classified as capital expenditure if these criteria are met.

- 2.34 There may be instances where expenditure does not meet the criteria in Rule 2.33 above but would nevertheless be treated as capital expenditure, including where:
- the Council has no direct future control or benefit from the resulting assets but would have treated the expenditure as capital if it did control or benefit from the resulting assets;
 - expenditure is defined as capital by statute; and
 - the government has given explicit permission to apply capital financing resources to fund expenditure that would not otherwise meet the criteria for capitalisation.
- 2.35 During the Section 114 Period, capital expenditure will be restricted to essential items only, with priority given to maintaining assets necessary for day-to-day Service delivery. New borrowing for capital purposes will only be permitted in limited circumstances, as set out by the Section 151 Officer, and must be approved by the Commissioners.
- 2.36 The Council operates a “de-minimis limits” process for capital expenditure. This means that items below these limits are charged to revenue rather than capital. The limits are as set out in the Financial Limits Annex.
- 2.37 The Section 151 Officer is responsible for the application of these de-minimis limits and will report any exceptions to the Cabinet Member for Finance.
- 2.38 Where expenditure meets the ‘capital expenditure’ criteria in Rule 2.33 and is in excess of the Council’s de-minimis limits, it will be classified as capital expenditure, even if provision exists within the Revenue Budget to fund the work (and vice versa).
- 2.39 Similarly, where specific financing (e.g., a government grant) is provided to facilitate a project, this will not determine the accounting treatment of the expenditure. That is, the accounting treatment is determined according to the type of expenditure, and not by the funding source (see Rule 4).

Capital Programme

The Section 151 Officer will issue detailed guidance for the preparation of the Capital Programme, including the need for a comprehensive business case (see Rule 2.47 below).

- 2.40 Directorates will also use this framework to undertake an annual review of the medium-term Capital Programme and consequential revenue implications for inclusion in the Medium Term Financial Strategy.
- 2.41 The Cabinet Member for Finance, in conjunction with the Section 151 Officer, will manage the preparation of the Council’s Capital Programme on an annual basis in accordance with the Council’s capital projects’ governance arrangements and capitalisation criteria.
- 2.42 Each project that is added to the Capital Programme will be for the provision and purpose of delivering public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services.
- 2.43 **No scheme may be added to the Capital Programme if its only purpose is to achieve a financial return.**

2.44 Each scheme that is added to the Capital Programme must be allocated:

- a named project sponsor;
- a 'start date' for planning purposes;
- an overall 'scheme approval', which sets the overall budget for the scheme; and
- an 'annual payments guideline', which sets the parameters for expenditure in each of the financial years over which the scheme is expected to span.

Business cases for capital schemes

2.45 **All capital schemes must be supported by a business case.**

2.46 The Chief Finance Officer is responsible for determining the process and format for the production of business cases to support capital schemes. All business cases must comply with the principles set out in the HM Treasury Green Book. Any Officer responsible for a capital scheme must comply with the guidance issued by the Chief Finance Officer in relation to business cases.

2.47 Subject to the Chief Finance Officer's guidance, a business case shall, as a minimum, include:

- the ongoing need for the capital scheme;
- available capital funding (see Rule 2.51 below) to fund the scheme;
- an assessment of the cost predictability of the scheme, including total scheme costs, including land, works, fees and all associated costs;
- the need for a risk-based contingency within the available resources, or where no risk assessment is carried out, a contingency of 10-15% within the costing (any such contingency not to be used for changes in specification);
- an assessment of time predictability i.e., a realistic assessment of the phasing of capital expenditure and income over financial years;
- the revenue implications of the scheme to be met within Service Budgets;
- whether the scheme offers revenue savings and/or income generation opportunities;
- whether the scheme offers improved Value of Money;
- a consideration of priority areas of need and Service delivery requirements based on asset management plans and up to date condition surveys; and
- any implications for the Council's VAT Partial Exemption Limit.

2.48 The business case must clearly articulate the options being considered and measure these against the desired outcomes. It should also set out whether there is a statutory basis for the provision of the service or activity under consideration.

2.49 Executive Directors are responsible for ensuring that the Council's governance framework is followed through all stages of the business case development and decision-making process, and that specialist advice is sought from the following key stakeholders across the Council, at each stage in the development of the business case:

- Section 151 Officer (including finance, tax, cash management and banking, purchase to pay and income collection);
- Executive Director Corporate Services (including in their capacity as Monitoring Officer, and in relation to legal, audit, risk management and insurance issues);
- Assistant Director HR & OD (including payroll).
- Assistant Director Property and FM (including property and facilities management);and
- Procurement Services.

2.50 A business case must be approved by the relevant Executive Director and the Chief Finance Officer before a capital scheme will be submitted for approval to the Capital Programme.

Financing of capital expenditure

2.51 The Cabinet Member for Finance, in conjunction with the Section 151 Officer, will determine the financing of the Capital Programme, taking into consideration the availability of reserves, funding from other bodies and the affordability of borrowing.

2.52 All capital receipts, generated through the sales of capital assets, shall be pooled unless otherwise agreed by Cabinet, for example, to meet contractual obligations or where legislation requires a different approach.

Leasing and rental arrangements

2.53 Leases of land or buildings and other property agreements will only be authorised for completion, on the Council's behalf, in accordance with the delegations set out in Rules 6.20 – 6.29. The relevant Head of Finance will be consulted as part of this process and will dedicate appropriate finance team support as required.

2.54 Leasing arrangements for vehicles, plant and equipment (including rental agreements and hire purchase arrangements) will only be entered into with the prior approval of the Section 151 Officer.

2.55 Prior approval is required to enter into leases to ensure that they can be accommodated within the borrowing limits set by the Council. Such arrangements must represent best Value of Money and be accounted for appropriately.

2.56 A lease register, setting out details of all leases entered into, expected cash flows, and the key terms and conditions of the underlying lease agreements will be maintained by the Section 151 Officer.

Internal trading activities

- 2.57 Where Services are delivered by one Council function to others within, or external to, the Council, and users of that Service have choice about whether and how much to buy, then the Service is likely to be 'trading'. Where a significant proportion of a Service's activities are delivered by trading, the Service may need, or wish, to be formally designated as an internal trading activity.
- 2.58 Services are only permitted to operate as an internal trading activity with the prior approval of Cabinet, in consultation with the Section 151 Officer.
- 2.59 Services wishing to operate as an internal trading activity must demonstrate that they are:
- providing all, or the majority, of their services in an environment where their customers have the option to use them or an alternative service provider; and
 - charging for the full cost of the goods / services they provide, based on an agreed charge or rate.
- 2.60 Approved internal trading activities must maintain a trading account which is:
- charged with all expenditure related to the provision of the trading activity's services (including direct costs, the full costs of services provided by the Council's support services, any service management provided by senior managers, and any asset and other accounting charges); and
 - credited with all income due for work done by the trading activity.
- 2.61 Trading activities are required to balance their budgets by generating sufficient income to cover the full costs of the services they provide.
- 2.62 Trading activities must operate within the Council's overall arrangements and rules for personnel and resource management. Cabinet may approve special arrangements in exceptional circumstances where it can be demonstrated that adherence to these rules and arrangements would lead to the trading activity becoming uncompetitive and losing work and that the proposed departure does not expose the Council to significant risk.

Financial targets for trading activities

- 2.63 Each trading activity must prepare an annual financial plan for approval by the Council as part of the annual Budget setting, which defines the expected levels of income and expenditure for the year.
- 2.64 Trading activities must, as a minimum, aim to break-even (i.e., only incur expenditure that can be financed from the income the activity expects to generate during the year). Trading activities may only plan for a deficit in exceptional circumstances, and then only if the deficit can be met from the trading activity's own accumulated revenue reserves or, in exceptional circumstances, from an approved contribution from the General Fund (as approved by the Section 151 Officer).

Trading reserves

- 2.65 Trading activities are permitted to retain the surpluses they generate, provided they can demonstrate that these are necessary for the future business needs of their operations. The

Section 151 Officer will advise the Cabinet Member for Finance, after consultation with the relevant Executive Director(s), if the level of accumulated balances held by a trading activity exceed those deemed necessary to meet the business needs of the operation. The Cabinet Member for Finance will then determine whether the excess balances are transferred to the General Balance or another reserve.

- 2.66 The approval of the Cabinet Member for Finance is required where it is proposed to transfer part of a trading activity's reserves to finance expenditure by another trading activity or a Service, or to receive a contribution from another trading activity or Service.

Closing a trading account

- 2.67 The approval of Cabinet, in consultation with the Section 151 Officer, is required where it is proposed that a trading activity ceases to operate.
- 2.68 The Cabinet Member for Finance, in consultation with the Section 151 Officer, may recommend closure of a trading account where the trading activity fails to at least break-even for two successive financial years and/or where the trading activity has exhausted its revenue reserve.
- 2.69 If a trading activity has revenue reserves remaining upon closure of its trading account, the residual balance will be transferred to the General Balance or to another reserve as directed by the Section 151 Officer.

Capital Strategy and Treasury Management Strategy

- 2.70 During the Section 114 Period, the Council's level of borrowing will be closely monitored by the Section 151 Officer. A Debt Reduction Strategy is in place and new borrowing should only be entered into in accordance with guidance issued by the Section 151 Officer and with Commissioner approval. Capital receipts will be used to reduce borrowing and the capital financing requirement.
- 2.71 As required under the CIPFA Codes of Practice on Treasury Management and on the Prudential Framework for Capital Finance, the Cabinet Member for Finance, in conjunction with the Section 151 Officer, will propose an annual Capital Strategy and a Treasury Management Strategy to the Council before the start of the relevant financial year. These will be consistent with the Council's Revenue Budget and Capital Programme proposals.
- 2.72 Together with relevant laws, regulations and statutory guidance issued by central government departments, and with the Council's own Treasury Management Policy Statement and Treasury Management Practices, the Capital Strategy and the Treasury Management Strategy will set the parameters within which investment and borrowing activity will be managed during the forthcoming financial year. These strategy documents will set out the context of how overall debt levels, debt charges and investment returns compare with neighbouring local authorities and include trend analysis explaining how these key indicators are expected to change over time. The Section 151 Officer will report back to Cabinet on a quarterly basis on the progress and activity in these key areas of financial management.

Fees and charges policy

- 2.73 Executive Directors, in consultation with the Section 151 Officer, will follow the Council's charging policy for the supply of goods or services where charges may be lawfully applied, and the annual forecast of the recoverable amount is £250,000 or more. Charges will be reviewed annually and all new charges, and amendments to existing charges, will be subject to formal approval in accordance with the Council's Constitution. Further guidance is contained in the Council's Fees and Charges Policy, which will be updated annually as part of the Budget setting process.
- 2.74 Further detail on income is provided in Rules 7.5 – 7.23.

Pay policy

- 2.75 The Council's pay policy must be prepared as required by law. The pay policy sets out the Council's policy on the level and elements of remuneration for each Chief Officer, the remuneration of its lowest paid Officers, and the relationship between the remuneration of its Chief Officers and other Officers. It must also address other specific aspects of Chief Officer remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments, and transparency.

3. Rule 3 – Financial Management

Introduction

- 3.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the Policy Framework, Revenue Budget, trading activities' financial plans, Capital Strategy and Treasury Management Strategy.
- 3.2 Sound financial management is important to ensure that:
- Council objectives are secured within the Budget agreed by the Council;
 - proper use is made of public monies;
 - any specific requirements of Commissioners and central government departments are implemented,
 - key Services are delivered; and
 - the Council achieves Best Value.

Financial management standards

- 3.3 All Officers and Members have a duty to abide by the highest standards of probity in dealing with public money. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

Revenue Budget monitoring and control

Budget management

- 3.4 The Council operates within an annual cash limit, approved when the annual Budget is set. To ensure that the Council does not overspend in total, each Service is required to manage its own expenditure and income recovery within the cash limited budget allocated to it.
- 3.5 Budget management also ensures that, once the Council has approved the Budget, the Council's resources are used for their intended purposes and are properly accounted for.

Framework for budgetary control

- 3.6 Once the Budget is approved by the Council, Executive Directors are authorised to incur expenditure in accordance with the approved Budget, subject to the limits in the Constitution and the Scheme of Delegation. Any significant changes to the approved Budget (revenue or capital) require Member and Commissioner approval. Executive Directors must maintain effective budgetary control within their Service(s) to ensure that spending is contained within the annual cash limit and Value of Money is secured.
- 3.7 Executive Directors must ensure that no commitment is made that would result in an approved Budget being exceeded. Prior approval must be obtained to increase the Budget either by virement (see Rules 3.13 to 3.15) or by a supplementary estimate (see Rules 3.16 to 3.23) before any additional commitment is made.
- 3.8 In addition, subject to the limits in the Constitution and the Scheme of Delegation, Executive Directors may exceptionally incur additional expenditure in an emergency (see Rules 7.77 to 7.79 for the approval required to make an emergency payment). In such situations, retrospective approval must be sought, as soon after the event as possible, to offset the additional expenditure by virement or supplementary estimate.
- 3.9 Executive Directors will:
- **Ensure that all income and expenditure is properly recorded and accounted for.**
Executive Directors will ensure that all Officers responsible for committing expenditure comply with all relevant guidance and follow approved certification processes.
 - **Ensure that an appropriate Budget Manager structure is in place to ensure that responsibility is assigned for each item of income and expenditure under their control.**
Budget Managers will be accountable for the effective management of the budgets for which they are responsible, even where they put delegations in place that enable Officers to commit expenditure on their behalf.
 - **Ensure that individual policy budgets are not overspent.**
It is expected that each policy budget will be managed within the agreed cash limit Budget.
Executive Directors, in consultation with the relevant Cabinet Member(s), will use the virement scheme (see Rules 3.13 to 3.15) to address areas of overspending, by moving sufficient unspent Budget from elsewhere.

Where more specific management actions are required to mitigate overspending, the Executive Director, the Section 151 Officer and/or relevant Cabinet Member(s) may require a Budget Manager to prepare a budget recovery plan which explains the actions being taken to mitigate the position. The recovery plan will be monitored by the Section 151 Officer to ensure the safe delivery of the Budget at policy budget and portfolio level.

- **Ensure that a monitoring process is in place.**

A monitoring process is required to review performance and/or service levels in conjunction with the Budget and to ensure they are operating effectively. Nominated Budget Managers should monitor spending against the Budget in the first instance and liaise on Budget management as necessary with the relevant Executive Director, the Section 151 Officer and the Council's corporate finance team.

- **Regularly report to the relevant Cabinet Member(s).**

Such reports will be prepared, in consultation with the Section 151 Officer, on the relevant Service's projected 'controllable net expenditure' compared with its Service Budget. Cabinet Members must be fully briefed, as part of this process, on any Budget pressures and any proposal to address these pressures by virement (see Rules 3.13 to 3.15). Any such reports will be presented to Cabinet on a quarterly basis, highlighting progress or problems encountered.

- **Ensure prior approval by Cabinet for new proposals (as appropriate).**

Prior approval of Cabinet or relevant Cabinet Member(s) may be required for:

- Key Decisions;
- proposals that create financial commitments in future years;
- proposals which materially extend or reduce the Council's Services; or
- proposals which initiate new Council Services.

- **Ensure compliance with the scheme of virement.**

See Rules 3.13 to 3.15.

- **Agree with other relevant Executive Directors where it appears that a Budget proposal, including a virement proposal, may impact on their Service area(s).**
- **Ensure that relevant training is delivered to all Officers to whom responsibility for Budget management is assigned.**

Officers will undertake approved finance training prior to commencement as an operational Budget Manager and/or as an authorised signatory, to ensure they have the necessary knowledge and skills to effectively perform their financial responsibilities. Refresher training will be undertaken at 12-monthly intervals thereafter, or as specified by the Section 151 Officer.

- 3.10 The Section 151 Officer will ensure that each Budget Manager receives or has access to timely information on income and expenditure for each Budget for which they are responsible, which is sufficiently detailed to enable them and their managers to fulfil their budgetary responsibilities.
- 3.11 The Section 151 Officer will monitor performance against the Council's Budget on an on-going basis and will advise on the Council's overall financial position. Specifically, the Section 151 Officer will prepare quarterly financial overview reports for the Cabinet Member for Finance to present to Cabinet on a monthly basis. These financial overview reports will:
- provide a comparison of the Council's projected income and expenditure with the latest approved Budget;
 - include an assessment of the Council's reserves and balances and its overall financial position; and
 - seek approval to changes to the approved Budget (including virements between policy budgets and supplementary estimate requests).
- 3.12 Where supplementary accounting records are maintained, Executive Directors and Budget Managers must reconcile these to the Council's main accounting systems, or bank statements, on a regular basis (at least monthly, and more frequently where necessary). If, with the approval of the Section 151 Officer, a Directorate uses a financial system other than the Council's corporate financial system, the Executive Director of that Directorate must ensure that financial information from their system is regularly and accurately transferred to the Council's corporate financial system.

Scheme of virement

- 3.13 As detailed in Rule 3.6, Executive Directors must ensure that spending remains within their Service's overall cash limit, and that spending does not exceed individual policy budget headings. It is permissible, in certain circumstances to transfer resources between approved Budget headings, subject to obtaining the necessary approval. The transfer of resources between approved Budget headings is known as "virement".
- 3.14 The virement rules are as follows:
- virements should only take place within the limits specified in the Financial Limits Annex, and in accordance with the guidance on virements issued by the Section 151 Officer;
 - no expenditure shall be incurred without appropriate Budget provision and, if necessary, a virement should be undertaken to put this in place before the expenditure is incurred;
 - no virement relating to a specific financial year should be made at the end of the financial year after the date specified in the Section 151 Officer's timetable for closure of the accounts;
 - virements are not permitted in relation to asset charges or other Budget headings that are deemed to be outside the control of the relevant Budget Manager, or where a proposal would adversely affect long-term revenue commitments;

- virements are not permitted between the Revenue Budget and the Capital Programme and any change to the Capital Programme will be dealt with in accordance with Rules 3.44 and 3.45;
- a virement proposed by a Budget Manager that is likely to impact on the level of Service activity of another Budget Manager can be implemented only with the agreement of the relevant Budget Manager;
- virements that require Member approval must specify the proposed expenditure and the source of funding and must explain the implications in the current and future financial years;
- where a Cabinet Member's approval is required to a virement, this approval should be sought via a 'Cabinet Member Action' or a report to Cabinet;
- when a Cabinet Member is deciding on an operational matter, any necessary virements must be included as part of that decision; and
- virements that are being actioned to effect a change in policy or priorities (either within the same portfolio or between portfolios) will be subject to approval as set out in the Financial Limits Annex.

3.15 The following exceptions apply to the scheme of virement:

- The virement rules do not apply to the transfer of resources between the individual budget headings of an internal trading activity. This is because trading activities are controlled to an overall financial target rather than against individual expenditure and income headings (see Rule 2.60). However, the approval of the Cabinet Member for Finance is required to transfer resources between individual trading activities and to/from the General Fund – see Rule 2.62.
- Member approval is not required where resources will continue to be used for the approved purpose but are being moved, for example, to reflect a change in Budget Manager responsibilities. Such transfers will require the approval of the relevant Head of Finance or the Assistant Director Finance
- Member approval is not required for Budget movements required to comply with the CIPFA Service Expenditure Reporting Code of Practice guidance on accounting for overheads, or Budget movements arising in order to comply with proper accounting practice. Approval is required from the relevant Head of Finance or the Assistant Director Finance.
- If the proposed virement, together with the total of previous virements within the same financial year, would result in an aggregate increase or decrease in the original 'controllable net' budget for any of the portfolios affected of more than the amount set out in the Financial Limits Annex, the decision shall be taken by the Cabinet Member for Finance, in consultation with the Section 151 Officer.

Supplementary estimates

3.16 If it is not possible to move resources between Budget headings to meet a liability, a request may exceptionally be made for additional funding from the general reserve or from an

earmarked revenue reserve. Requests for additional funding are referred to as “supplementary estimates”.

- 3.17 Supplementary estimates can only be requested for one-off purposes, although it may be possible to request funding for a project that spans across more than one financial year. Where additional funding is required on an on-going basis, the full year effect must be addressed through the Revenue Budget setting process (see Rules 2.10 – 2.15).
- 3.18 A request for a supplementary estimate must specify:
- the total amount of funding required;
 - the source(s) of the supplementary funding (which will be advised by the Section 151 Officer);
 - the profile across financial years of the proposed draw down from the general reserve and/or an earmarked revenue reserve; and
 - why the supplementary funding is required and whether there are any on-going cost implications.
- 3.19 No supplementary estimate is permitted without consultation with the Section 151 Officer and the approval of both the Monitoring Officer and the Cabinet Member for Finance. Supplementary estimates affecting General Fund and HRA balances should also be discussed and agreed with the Commissioners. All supplementary estimates, once approved, should be reported to Cabinet (via the Financial Overview Reports).
- 3.20 Where supplementary funding is granted for a project that slips into a later year, the supplementary funding can be re-profiled from the year of award, and into the following financial year, without the need for further approval up to the Key Decision threshold and provided that:
- the funding is still being used for the approved purpose; and
 - the total agreed amount is not exceeded.
- 3.21 Where supplementary funding is granted for a project that progresses ahead of schedule, the supplementary funding may be brought forward into an earlier year, in consultation with the Section 151 Officer, up to the Key Decision threshold and provided that:
- the funding is still being used for the approved purpose; and
 - the total agreed amount is not exceeded.
- 3.22 The approval of the Cabinet Member for Finance is required to re-profile supplementary estimates between financial years that:
- are more than the Key Decision threshold; and
 - extend beyond more than one year of the original agreed period of utilisation.
- 3.23 Any supplementary funding provided must only be spent for the purposes for which it was approved. This means that:

- the Section 151 Officer may withdraw supplementary funding if it becomes apparent that the funding is not being used for the agreed purpose; and
- funding that is no longer needed for the approved purpose must be returned to the reserve from which it was allocated unless directed otherwise by the Section 151 Officer.

Treatment of year end balances

Carry forward scheme

- 3.24 In certain circumstances, it is permissible to transfer resources between financial years. That is, to:
- carry unspent Budget forward for use in the following year; or
 - fund an overspend in the current year from next year's Budget allocation.
- 3.25 Carry forward of any under- or overspend is not permitted. In-year under- and/or overspends should be addressed through the virement or supplementary estimate procedures set out in these Finance Procedure Rules.
- 3.26 All requests to carry unspent Budget forward will be subject to approval by the Section 151 Officer and will be reported to Cabinet. Whilst such requests may be approved prior to the end of a financial year, no carry forward requests will be guaranteed before consideration by Cabinet of the final outturn position of the whole Council upon closure of the accounts so that the Council's ability to support the carry forward requests can be assessed in the context of the Council's overall financial position.
- 3.27 No carry-forward or virement will be allowed if:
- it results in a policy change which Members have not approved;
 - it commits additional ongoing expenditure, or reduces income, in future years;
 - it involves loan charges, capital expenditure, apportioned central charges, contributions to outside bodies or Council finance over which the Directorate concerned has no control;
 - the underspend arises from a change in volume of Service or reduced unit costs that were not anticipated when the Budget was set;
 - the Directorate's total budget is or is projected to be overspent, in which case. the first call on any underspend will be to rectify the Directorate's financial position; and
 - the total Budget (General Fund or HRA) is or is projected to be overspent, in which case, the first call on any virement of an underspend will be to rectify the overall financial position.
- 3.28 The Section 151 Officer will advise the Cabinet Member for Finance if, after consultation with the relevant Executive Director(s), the amount of any unspent Service Budget that a Service is permitted to carry forward into the following financial year should be reduced by

the value of any supplementary estimates provided during the year for the purpose of funding controllable expenditure.

- 3.29 Where a Service identifies the need to incur expenditure in the current financial year for which Budget provision has been made in the following year's Budget, a supplementary estimate can be requested. Any such request must be planned appropriately and must be made before the expenditure is incurred. In this instance, the following year's budget will be reduced accordingly, and the current year's increased expenditure will not be categorised as an overspend.

Trading activities

- 3.30 Internal trading activities' surpluses are carried forward, unless determined otherwise by the Section 151 Officer or the Finance Portfolio Holder (and subject to the considerations outlined in Rule 2.62). Any deficits, however they arise, will be financed by a withdrawal from the relevant trading activity's accumulated reserves, or from an approved contribution from the General Fund Balance (see Rule 2.61).

Partnership schemes

- 3.31 The funding of some partnership schemes is ring-fenced (including the contribution made by the Council) and is not, therefore, available for alternative use by the Council. Any unspent balances on approved partnership schemes will be carried into an earmarked partnerships reserve, which can be drawn upon to finance expenditure by the partnerships in a subsequent year.

Grant funded schemes

- 3.32 Where revenue grants and contributions are recognised as income in advance of the related expenditure being incurred, the unspent grant may be carried into an earmarked grants reserve, which can be applied, and matched with the related expenditure, in a subsequent year.
- 3.33 A grants register will be maintained by the Section 151 Officer to identify all grant income received and to record all stipulations and conditions which apply to the grant receipt (including audit certification requirements) and whether or not these have been discharged by the due date.
- 3.34 All amounts carried into the grant reserve will initially be ring-fenced for the purpose for which the grants and/or contributions were given. The Section 151 Officer will advise the Cabinet Member for Finance if any amounts no longer need to be retained for the purposes for which the grants or contributions were given.
- 3.35 The Cabinet Member for Finance will then determine whether the excess balances are transferred to the General Fund balance or another reserve.

Individual schools' budgets

- 3.36 Individual schools' budgets are ring-fenced in accordance with statutory provisions.
- 3.37 Underspends against individual schools' budgets are appropriated into the schools' reserve to support expenditure in a later year by the schools concerned.

- 3.38 School overspends are financed by a withdrawal from the schools' reserves accumulated in previous years. Where an unplanned deficit occurs, the governing body of the relevant school must prepare a detailed financial recovery plan, which will be evaluated by the Executive Director Children's Services and the Section 151 Officer. If the deficit exceeds 5% of the school's budget, the plan will be referred to the relevant Service Cabinet Member. Schools will be expected to agree a plan to recover the deficit within a defined period.

Capital monitoring and control

Approval to spend

- 3.39 Capital schemes are subject to full appraisal and production of an associated business case before they will be submitted for approval by the Council as part of the Capital Programme. See Rules 2.45 to 2.50 for details of how business cases are to be produced.
- 3.40 Once a capital scheme is approved, this will serve as approval to tender for suppliers to deliver the capital scheme in accordance with the Contract Procedure Rules, and a report to Cabinet will not be required. The award of contracts will still need to be approved in accordance with the thresholds and decision-making process set out in the Contract Procedure Rules.
- 3.41 If the sum approved for a capital scheme is likely to be exceeded, confirmation must be sought from the Section 151 Officer that appropriate capital spending powers are available.
- 3.42 If the Council has approved a Capital Programme for future years and/or a reserve capital programme, this provides authorisation to carry out feasibility studies, outline design and application for planning consent (where required), provided that the resources have been identified.
- 3.43 Where expenditure has been incurred on feasibility studies, design work and other preliminary activities but the project does not go ahead, these expenses shall be charged against the Service Budget (revenue) of the relevant spending department.
- 3.44 Any proposal to amend an approved Capital Programme by including a new scheme or deleting an approved scheme requires Cabinet approval and the production of a revised business case. This includes all applications for schemes to be funded from government sources, grants or other external funding.
- 3.45 Where additional funding for a scheme is fully funded by external resources and is consistent with the Council's corporate priorities to the satisfaction of the Section 151 Officer, the scheme shall be added to the Capital Programme with a subsequent report to Cabinet.

Framework for budgetary control

- 3.46 The principles and framework for managing the Revenue Budget (as set out in Rules 3.6 – 3.12) apply equally with regards to the monitoring and management of individual capital projects (i.e., named schemes and 'block' approvals) within their scheme and payment approvals.

Scheme of virement

- 3.47 Where an overspend arises against a capital scheme or 'block' approval, corrective action must be taken to remedy the position.
- 3.48 Where it is intended to redress an overspend by utilising savings against another approved scheme or 'block' approval, the permissions set out in the Financial Limits Annex will be required to vary the payment guidelines and scheme approvals for both schemes.
- 3.49 The scheme of virement (as set out in Rules 3.13 – 3.15), does not otherwise apply to capital expenditure, as approval to capital expenditure is given on a scheme by scheme (or 'block' approval) basis, rather than by portfolio/Service.

Re-profiling of payment guidelines between years

- 3.50 Where it is anticipated that a scheme with approval to 'start' will be progressed at a different rate to that scheduled (such that expenditure is expected to vary from the approved payment guideline for the year) approval must be sought to re-profile the payment guidelines for the scheme (or 'block' approval).
- 3.51 For a scheme with approval to 'start', the re-profiling of the capital payment guidelines between financial years is subject to agreement as set out in the Financial Limits Annex.
- 3.52 The above approval will also be required where it is intended to accelerate a scheme that is within the Capital Programme with an indicative start beyond the current financial year, where it is proposed to change the start date to within the current financial year.

Adding scheme and payment approvals to the Capital Programme

- 3.53 Schemes will usually only be added to, or removed from, the Capital Programme as part of the annual Budget setting process referred to in Rule 2.10, or as the result of a separate review process initiated by the Section 151 Officer, Commissioners or central government departments.
- 3.54 Any request outside of this process to change the Capital Programme by adding or removing schemes, or by allocating additional scheme and payment approvals to an approved scheme, must have an associated up to date business case and be approved as set out in the Financial Limits Annex.

Trading activities

- 3.55 Trading activities must manage their income and expenditure to an overall financial target (see Rule 2.63); in doing so, trading activities must operate within the Council's framework for budgetary control (as outlined within Rules 3.6 to 3.12).
- 3.56 Cabinet approval is required to alter a trading activity's overall financial target (via the quarterly Financial Overview Reports).
- 3.57 Where the proposed target reflects a worsening position that will result in a loss for the year, the request to amend the financial target must explain how the loss is to be financed and the plans for recovery from this position. Where a surplus is forecast above that previously reported, the request to amend the target must explain whether and why the additional surplus is to be retained by the trading activity.

4. Rule 4 – Accounting Records and Financial Systems

Accounting records

- 4.1 Maintenance of proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources.
- 4.2 The Section 151 Officer is responsible for determining the accounting procedures and records for the Council, and for the compilation of all accounts and accounting records.
- 4.3 The Council's accounting records are maintained within its General Ledger. The General Ledger records all sums of money received and expended and all the assets, liabilities and reserves of the Council, and the matters to which the income and expenditure, assets, liabilities and reserves relate. This information is captured by assigning an account code, at source, to every transaction and balance. The integrity of the Council's financial reporting for management and statutory purposes is dependent upon account codes being assigned to transactions and balances correctly at source, in compliance with the Council's standard coding conventions.
- 4.4 The Council's Section 151 Officer will be responsible for ensuring that a fit for purpose Chart of Accounts (listing and categorising all the Council's financial transactions) is maintained and published, together with supplementary guidance which sets out:
- how the Chart of Accounts will operate in practice and who is responsible, on an operational level, for adding and deleting new codes as necessary; and
 - General Ledger access, authorisation and password arrangements.
- 4.5 Executive Directors are responsible for ensuring that their Services (including those delivered through strategic partnerships) comply with the coding conventions adopted within the General Ledger and with any supplementary guidance issued. This includes adherence to standard subjective classifications for categories of income, expenditure, assets, liabilities and reserves. The requirement to adhere to this standard classification applies even where expenditure is matched fully by income. All income and expenditure should be recorded in the General Ledger gross, and not as net amounts.
- 4.6 Where application of this standard classification results in under- or overspends, appropriate action must be taken to re-align the Budget. The guiding principle for this re-alignment is that Budget provision should follow expenditure and/or income, and not vice versa.

Annual Statement of Accounts

- 4.7 The Council has a statutory responsibility to prepare an annual Statement of Accounts that:
- presents a 'true and fair view' of its financial performance during the year and of its financial position at the year-end; and
 - is produced, presented for public inspection and external audit, and published to specified timescales.
- 4.8 The Section 151 Officer is responsible for ensuring that these requirements are met. In particular, the Section 151 Officer will:

- select suitable accounting policies that comply with relevant codes of practice and other applicable accounting standards and statutory provisions;
- issue accounting instructions on closure of the annual accounts to Budget Managers, including a timetable;
- monitor delivery of the agreed timetable, taking action as necessary to resolve technical issues, resourcing problems and other delays;
- carry out adequate quality assurance and review of draft accounts and working papers at pre-publication stage;
- sign and date the Statement of Accounts, thereby confirming that the accounts give a 'true and fair' view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March;
- submit the accounts to the External Auditor and make proper arrangements to support the audit of the Council's accounts and for making the accounts available for public inspection; and
- publish the Statement of Accounts upon completion of the External Audit for the year.

4.9 Every Budget Manager must comply with the accounting instructions issued by the Section 151 Officer on closure of the accounts, and supply the information requested by the dates specified.

Financial systems

4.10 The Section 151 Officer has responsibility for ensuring that the Council's financial systems (including any financial elements of non-financial or integrated systems) are sound, properly maintained and held securely. The Section 151 Officer will, therefore, determine the accounting systems, form of accounts and supporting financial records necessary for achieving this objective, and will provide supplementary guidance and supporting information which:

- identifies each key financial system; and
- for each system identified:
 - sets out the key reconciliations which must be carried out between each financial system and the General Ledger;
 - specifies the frequency of reconciliation controls;
 - sets out the key authorisation procedures that control data entry; and
 - identifies a nominated system "owner".

4.11 Executive Directors must ensure that prior approval is obtained from the Section 151 Officer and the Executive Director Corporate Services to:

- operate any financial system (including any elements of a non-financial or integrated system relied upon for financial reporting purposes) within or on behalf of their area of responsibility; and
- make changes to any such systems already being operated within a Service area.

The 'go live' sign-off criteria, as defined by the Executive Director Corporate Services, must be complied with in respect of the implementation of, or amendment to, any financial systems (or non-financial or integrated system relied upon for financial reporting purposes) operated within, or on behalf of, a Service area.

- 4.12 A change request must be submitted to the Section 151 Officer for approval prior to making any changes to such systems.
- 4.13 All finance systems must be documented and backed up, and disaster recovery and business continuity plans must be maintained to allow information system processing to resume quickly in the event of an interruption.
- 4.14 Executive Directors will ensure that an adequate audit trail exists through any computerised finance system operated within their own areas, that audit reviews are carried out as necessary, and that a backup and business continuity plan is in place for any such system.
- 4.15 Where appropriate, the data processed by computer systems will be notified to the Information Commissioner in accordance with Data Protection Legislation.
- 4.16 Relevant policies and guidelines for computer systems and equipment issued by the Executive Director Corporate Services will be observed by all Officers and others working for or on behalf of the Council, as appropriate.

5. Rule 5 – Risk and Opportunity Management including Insurance

Introduction

- 5.1 It is essential that robust, integrated systems for identifying and evaluating all significant strategic and operational risks to the Council are developed and maintained. This includes the proactive participation by all those with responsibility for planning and delivering Services.
- 5.2 The objectives of risk management and insurance are to ensure that risks to the Council are identified and quantified and that effective measures are taken to reduce, eliminate, accept or insure against them. This involves ensuring that:
- the possible impact of risks and opportunities and the likelihood of them arising is evaluated;
 - action to be taken in respect of residual risks and opportunities is determined;
 - measures to avoid, transfer or reduce risk are identified and applied;
 - measures to bring forward opportunities are identified and applied; and
 - a programme for risk reduction and loss prevention is formulated.

General

- 5.3 The Section 151 Officer is responsible for ensuring that adequate risk and opportunity management and insurance arrangements are in place, although this function may be carried out within another Directorate.
- 5.4 Executive Directors must ensure that Budget Managers and Officers:
- are aware of their responsibilities in relation to insurance and risk management;
 - receive adequate support and training to carry out their financial responsibilities;
 - comply with the Council's standards for risk management; and
 - are personally protected from associated risks.
- 5.5 Executive Directors are responsible for notifying the Section 151 Officer of:
- all new property, vehicles, plant or other risks that require insurance or an alteration to existing insurances;
 - all new partnership arrangements or changes to existing partnership arrangements that require insurance or an alteration to existing insurances; and
 - any loss or liability or damage that may lead to a claim against the Council.
- 5.6 Executive Directors are responsible for ensuring that they, and anyone covered by the Council's insurances:
- do not admit liability nor offer any payment of compensation that may prejudice the Council's liability in respect of any future claim; and
 - do not enter into any indemnity without first consulting the Monitoring Officer and the Section 151 Officer.
- 5.7 Executive Directors are responsible for the identification of potential risks of loss or damage to the resources and operations they control. The most common risks are:
- loss of service;
 - liability for injury to/death of employees and third parties, or damage to their property, caused by the negligence of the Council;
 - damage or loss to Council property resulting from fire, flood, storm and similar perils;
 - loss of Council equipment or property due to theft;
 - additional or consequential expenses arising from a loss; and
 - loss of Council money due to theft or dishonesty of employees or the public.

5.8 Having identified all risks, Executive Directors must assess the likelihood of their occurrence and evaluate their possible impact. This involves arranging risks in order of priority, recording each risk and judging the likelihood and impact of:

- financial cost;
- disruption to Service delivery; and
- damage to the Council's reputation.

5.9 Each Executive Director must maintain a risk register and mitigation plan as part of their Service or Directorate plans and ensure that any critical risks are reflected in the Corporate Risk Register. The Assistant Director Finance is responsible for maintaining the Corporate Risk Register and will provide quarterly reports to the Senior Leadership Team and the Standards and Audit Committee.

5.10 Executive Directors will prepare a risk assessment of the Budget and Medium Term Financial Strategy and agree this with the Section 151 Officer to inform the Annual Governance Statement and the Section 151 Officer's statement of the robustness of estimates and adequacy of reserves.

Risk management

5.11 Risk management is concerned with evaluating the measures in place, and the actions needed, to identify and control risks effectively. The objectives are to secure the Council's assets and to ensure the Council's continued financial and organisational wellbeing.

5.12 The Standards and Audit Committee considers the Council's Risk Management Policy and Strategy and advises on any action necessary to ensure compliance with best practice, and the Cabinet approves it. The Senior Leadership Team keeps under review the strategic risk register and promotes a culture of risk management awareness throughout the Council.

5.13 The Head of Risk & Insurance is responsible for preparing the Council's Risk Management Policy and Strategy and for promoting it throughout the Council. The Head of Risk & Insurance will:

- ensure that procedures are in place to identify, assess and prevent or contain material risks, and allow for the identification and management of positive opportunities;
- regularly review the effectiveness of risk reduction strategies and controls;
- engender a positive attitude towards the control of risk;
- provide relevant information on risk management initiatives, and training on risk management;
- ensure that acceptable levels of risk are determined; and
- report regularly on risk management to the Section 151 Officer.

5.14 The Head of Risk & Insurance is also responsible for:

- developing risk management controls, including business continuity planning, in conjunction with Executive Directors; and
- ensuring that the Council has effective business continuity plans for implementation in the event of disaster which results in significant loss or damage to its resources and threatens its activities.

5.15 Executive Directors must have regard to the advice of the Head of Risk & Insurance and adhere to the Council's Risk Management Policy and Strategy. Specifically, Executive Directors must:

- take full ownership of all risks within their areas of responsibility, including those related to partnerships in which their Services participate;
- ensure that risk management is implemented in line with the Council's Risk Management Policy and Strategy and the minimum standards for business planning process;
- appoint a Risk Coordinator and authorise them to progress effective risk management that adheres to corporate guidelines;
- identify and manage risks and ensure that mitigating actions are regularly reported;
- Have regard to other specialist Officers (e.g., those with expertise in crime prevention, fire prevention, information governance, health and safety);
- ensure that there are appropriate arrangements in place within their Service area to identify risk issues and take appropriate action to mitigate the effects of them and maximise opportunities, including ensuring that the relevant Officers are trained to manage risk and, where required, provide a defence for the Council;
- make sure that consideration is given, and appropriate arrangements are made, to ensure Service delivery by third party providers and delivery vehicles; and
- ensure that Service programme, project and partnership risk registers are compiled, and kept up to date.

Insurance

5.16 The Section 151 Officer is responsible to Cabinet for ensuring that proper insurance arrangements are put in place in respect of the Council's activities. The Section 151 Officer is responsible for advising the Cabinet on proper insurance cover, and will:

- effect corporate insurance cover, through external insurance and internal funding, and negotiate all claims in consultation with other Officers, where necessary;
- include all appropriate employees of the Council in suitable fidelity guarantee insurance;
- offer insurance cover to schools in accordance with arrangements for financing schools;
- ensure that provision is made for losses that might result from identified risks;

- ensure that procedures are in place to investigate claims within required timescales; and
 - be aware of, and manage effectively, operational risk to the Council.
- 5.17 The settling of insurance claims against the Council will be subject to approval as set out in the Financial Limits Annex.
- 5.18 The Section 151 Officer shall notify the Cabinet Member for Finance if the total amount paid to claimants during a financial year exceeds £2m with respect to any of the following classes of claim:
- employer's liability;
 - public liability (highways claims);
 - public liability (non-highways claims);
 - property;
 - motor; or
 - other.
- 5.19 If the £2m threshold is exceeded for any financial year, the Cabinet Member for Finance may request to be consulted on further proposed settlements in the category concerned for the remainder of that financial year.
- 5.20 Executive Directors must comply with all relevant Insurance terms and conditions, and in particular must:
- notify the Section 151 Officer immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Section 151 Officer or the Council's insurers;
 - notify the Section 151 Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances;
 - consult the Section 151 Officer and the Monitoring Officer on the terms of any indemnity that the Council is proposing to give; and
 - ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

Internal control and the governance framework

- 5.21 The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its strategic objectives and statutory obligations. Internal controls are devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources, and that the Council's assets and interests are safeguarded.

- 5.22 It is the responsibility of the Section 151 Officer and the Monitoring Officer to put in place an appropriate control environment and effective internal controls that comply with proper practices, and provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- 5.23 Key components of internal control and the governance framework should be identified and reviewed as part of the Council's Annual Governance Review. Supplementary guidance will be issued by the Section 151 Officer to explain how Annual Governance Reviews will be carried out and how any issues identified during these reviews should be reported and addressed.
- 5.24 The Section 151 Officer will also compile an Annual Governance Statement each year. This Governance Statement will incorporate outcomes from the Annual Governance Review and will be compiled with reference to proper practices in relation to governance (principally the CIPFA/SOLACE guidance 'Delivering Good Governance in Local Government').
- 5.25 The Council's governance framework, control environment and internal controls include:
- identification and communication of the Council's vision of its purpose and intended outcomes for citizens and Service users;
 - reviewing the Council's vision and its implications for the Council's governance arrangements;
 - measuring the quality of Services for users, and ensuring that they are delivered in accordance with the Council's objectives, and that they represent the best use of resources;
 - making proper arrangements for project management;
 - defining and documenting the roles and responsibilities of the Council's executive, non-executive, scrutiny and Officer functions, with clear delegation arrangements and protocols for effective communication;
 - developing, communicating and embedding codes of conduct, which define the standards of behaviour for Members and Officers;
 - reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedural notes/manuals, which clearly define how decisions are taken and the processes and controls required for managing risks;
 - undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police;
 - ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
 - whistleblowing and arrangements for receiving and investigating complaints from the public;
 - establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;

- incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Council's overall governance arrangements;
- policies, objectives and plans for monitoring financial and other performance, and taking appropriate anticipatory and remedial action where these are not met;
- financial and operational control systems and procedures which comprise physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems;
- maintaining an effective internal audit function that is appropriately resourced, and which operates in accordance with the principles contained in the Public Sector Internal Audit Standards (PSIAS) and with any other statutory obligations and regulations, and other regulatory guidance.

5.26 It is the responsibility of Executive Directors to:

- establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness, and for achieving their financial performance targets;
- manage processes to ensure that controls are adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks;
- communicate responsibilities, codes of conduct and the importance of good governance arrangements to their Officers and ensure that they understand the consequences of lack of control and inadequate governance arrangements;
- review existing controls in the light of changes affecting the Council and to establish and implement new controls, and remove controls that are unnecessary, in line with guidance from the Section 151 Officer;
- undertake self-assessments of the status of the governance framework, including systems of internal control for each of their Service areas, as directed by the Section 151 Officer; and
- support Internal Audit in any review being undertaken within their Service area and respond to issues raised within Internal Audit reports within the agreed timescale.

Preventing fraud and corruption

Counter fraud and anti-bribery strategy

- 5.27 The Council has and maintains an effective Anti-Fraud and Corruption Strategy and maintains a culture that will not tolerate fraud or corruption. It is the responsibility of the Section 151 Officer to maintain the Council's Anti-Fraud and Corruption Strategy.
- 5.28 Executive Directors must ensure that this policy is adhered to and that all appropriate action is taken, including reporting all suspected irregularities to the Chief Internal Auditor (see Rule 5.53).

- 5.29 The Council is also responsible for putting arrangements in place for carrying out a regular programme of counter-fraud work, and for exercising oversight of this work. The Monitoring Officer and the Standards and Audit Committee will ensure that:
- a risk-based work plan containing a programme of both proactive and responsive counter fraud work is put in place at the start of each financial year;
 - effective procedures are in place to investigate promptly any suspected fraud or irregularity; and
 - adequate resources are available to deliver this work plan as approved.

Declaration of Interests

- 5.30 To avoid giving rise to suspicion about the honesty and integrity of the Council or its Officers, or giving the impression of corruption or improper behaviour, all interests of a personal and/or financial nature with external bodies or persons who have dealings with the Council, or any other interests which could conflict with an Officer's duties, must be declared in accordance with the Officer Declaration of Interests Policy.

Gifts and hospitality

- 5.31 Officers must be cautious regarding offers of gifts and hospitality as acceptance can easily give the impression of improper behaviour or favour.
- 5.32 The Council's Officer Gift and Hospitality Policy explains how offers of gifts and hospitality are to be dealt with, including what can be accepted, what cannot be accepted, and what must be declared. In accordance with the Officer Gift and Hospitality Policy, Executive Directors must ensure that a gifts and hospitality register is established and maintained for the Services for which they are responsible. A summary of these registers should be reported annually to Cabinet by the Section 151 Officer.

Whistleblowing

- 5.33 In accordance with the Council's [Whistleblowing Policy and Procedure](#), financial irregularities must be reported to the Chief Internal Auditor (see Rule 5.53). The Chief Internal Auditor will report significant matters to the Chief Executive, Cabinet and the Standards and Audit Committee.

Standards of conduct

- 5.34 The full responsibilities with regard to standards of conduct for Officers are set out in the Officers' Code of Conduct and the standards for Members are set out in Chapter 7 of the Constitution.

Money laundering

- 5.35 Money laundering is defined as:
- concealing, disguising, converting, transferring or removing criminal property from the Country or

- being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property.

5.36 In accordance with the Council's Anti Money Laundering Policy, all suspected attempts to use the Council to launder money must be reported to the Chief Internal Auditor who is the Council's Money Laundering Reporting Officer.

5.37 Executive Directors must ensure that Officers within their Directorate understand what money laundering is and their obligations under the anti-money laundering legislation, so that they can recognise situations that might lead to suspicions of money laundering.

5.38 When a person knows or suspects that money laundering activity is taking place (or has taken place) or becomes concerned that their involvement in a matter may amount to a prohibited act under the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2011, they must disclose this as soon as practicable or risk prosecution. They should report any such concerns to the Section 151 Officer.

5.39 To mitigate the risks of the Council being used to launder money:

- cash payments exceeding £1,000 will not be accepted other than with the prior approval of the Section 151 Officer; and
- receipts and payments unrelated to the Council's own activities will not be paid into or from a Council bank account without the prior approval of the Section 151 Officer.

Anti-bribery policy

5.40 Bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage. The Bribery Act 2010 has been enacted to enable robust action against such activity.

5.41 In accordance with the Council's Anti-bribery Policy, the detection, prevention and reporting of bribery and other forms of corruption are the responsibility of all those working for the Council or under its control.

Promoting good governance

5.42 Executive Directors are responsible for ensuring that all Officers in their Directorates complete mandatory governance training provided via e-learning modules on the Council website. Executive Directors are also responsible for ensuring that new employees undertake the relevant modules of the e-learning training within six weeks of the commencement of their employment, and that all Officers refresh their learning every 12 months, or as specified.

Audit requirements

External Audit

5.43 The duties of the External Auditor are defined by the Local Audit and Accountability Act 2014, as well as the Code of Audit Practice and relevant auditing standards. In particular, the External Auditor must:

- be satisfied that the Council has complied with the applicable enactments;

- be satisfied that proper practices have been observed by the Council in the preparation of its annual Statement of Accounts;
- be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources;
- express an opinion on whether the Council's annual Statement of Accounts:
 - provides a 'true and fair view' of the Council's financial position and income and expenditure for the period in question; and
 - has been prepared properly, in accordance with the relevant accounting and reporting framework as set out in legislation and applicable accounting standards;
- certify completion of the annual audit;
- consider whether to issue a report in the public interest; and
- consider whether to make a written recommendation to the Council, copied to the Secretary of State.

5.44 The External Auditor must be given reasonable and timely access to premises, personnel, documents and assets that are considered necessary for the purposes of their work.

5.45 The Council may, from time to time, also be subject to audit, inspection or investigation by other bodies such as Ofsted, the Care Quality Commission and HM Revenue and Customs, who have statutory rights of access to Council documents and systems.

5.46 Whilst the External Auditor and other statutory inspectors must comply with statutory and other relevant requirements relating to the security, transfer, holding, disclosure and disposal of information received or obtained during the course of their audit or inspection work, regard must nevertheless be given to the sensitivity of data requested by the External Auditor and/or other statutory inspector(s). If there is any doubt about whether it is appropriate to provide such data to the External Auditor or other statutory inspector(s), advice should be sought from the Section 151 Officer and the Monitoring Officer (as appropriate).

5.47 Services must respond promptly to External Audit and/or inspection recommendations in writing, detailing the action intended to address the recommendations.

Internal Audit

5.48 The requirement for the Council to have an internal audit function is imposed by regulation 5 of the Accounts and Audit Regulations 2015 and reinforced by section 151 of the Local Government Act 1972, which requires that local authorities 'make arrangements for the proper administration of their financial affairs'.

5.49 More specifically, the Accounts and Audit Regulations 2015 require local authorities to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. Internal Audit findings are considered by the Standards and Audit

Committee on behalf of the Council as part of the consideration of the system of internal control referred to in Rules 5.21 to 5.42.

- 5.50 Internal Audit is an independent and objective appraisal function, established by the Council for reviewing the systems of internal control and assists the Council's stakeholders on business objectives and related risks and, thereby, contributes strategically to the organisation.
- 5.51 The Internal Auditors adhere to proper practices in relation to internal control; specifically, the PSIAS, IIA (Institute of Internal Auditors) standards and the COSO (Committee of Sponsoring Organisations) risk framework. They examine, evaluate and report upon the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 5.52 The Internal Auditors have the authority to:
- access any Council premises, assets, records, documents and correspondence, and control systems;
 - receive any information and explanation related to any matter under consideration;
 - require any employee of the Council or school maintained by the Council to account for cash, stores or any other asset under their control;
 - access records belonging to third parties (e.g., contractors) when required; and
 - directly access the Chief Executive, Cabinet, the Standards and Audit Committee and the Corporate Overview & Scrutiny Committee.
- 5.53 The Section 151 Officer and the Standards and Audit Committee are required to approve an Annual Audit Plan, a draft of which will be prepared by the Chief Internal Auditor. The Annual Audit Plan will take account of the characteristics and relative risks of the Council's activities. The Section 151 Officer and the Standards and Audit Committee will also ensure that effective procedures are in place to investigate promptly any suspected fraud or irregularity (see Rule 5.29 above) and that adequate resources are available to deliver both work plans once approved.
- 5.54 Services must respond to Internal Audit reports in writing, within a timescale agreed as part of the Internal Audit methodology detailing the action intended, responsible Officer, timescale for implementation and whether the action will require additional resources to address all agreed recommendations. The relevant Executive Director(s) must ensure that any agreed actions arising from Internal Audit recommendations are carried out in a timely and efficient fashion.
- 5.55 The Chief Internal Auditor will maintain a record of all reports and allegations of suspected fraud, corruption or other financial irregularity in respect of funds and assets that are the responsibility of the Council and will ensure that appropriate action is taken to investigate these.
- 5.56 The Chief Internal Auditor will be given the opportunity to evaluate the adequacy of new systems, or changes to existing systems, for maintaining financial records or records of assets in a timely manner before live operation.

6. Rule 6 – Control of Resource and Asset Management

Introduction

- 6.1 The purpose of this Rule 6 is to ensure that Budget Managers and Officers have a clear understanding of their responsibilities regarding resources and asset management.
- 6.2 Executive Directors and Budget Managers must formulate a Service delivery plan to identify the resources that are required to meet agreed Service levels with due regard to the principles of Best Value and Value of Money. A comparison of resource inputs, outputs and outcomes must be made to identify:
- where new resources are required and that these represent Value of Money;
 - that the application of existing resources represents Value of Money;
 - opportunities to minimise or eliminate resource consumption (e.g., energy, water or paper) and to meet the Council's Carbon Reduction Commitment;
 - opportunities for resource efficiency, including the use of property, technology and business processes; and
 - opportunities to minimise negative environmental impacts.
- 6.3 Budget Managers are responsible for ensuring that the most favourable terms for price, delivery and quality are obtained on all purchases in accordance with the Contract Procedure Rules.
- 6.4 Budget Managers must have due regard to the environmental impact of their purchasing decisions, including the national Carbon Reduction Commitment.

Assets

Using and accounting for resources

- 6.5 Asset inventories will be maintained for all land and buildings valued at £10,000 or more and all vehicles, plant and equipment valued at £4,000 or more. The Finance Manager – Capital/Systems is responsible for maintaining these asset inventories and will ensure that their accuracy is checked at least once a year.
- 6.6 All valuable equipment must be visibly security marked in such a way as to identify it as the property of the Council, school or other establishment where held. All of the Council's computer equipment must be marked with the corporate standard marking that uniquely identifies equipment as the property of the Council.
- 6.7 Executive Directors, Assistant Directors / Directors and/or Budget Managers are responsible for ensuring that proper security arrangements are maintained at all times for buildings, furniture, equipment, stocks, cash and other valuable resources or assets. All valuable resources must be locked away wherever possible to reduce the risk of theft. Buildings must be kept secure, well maintained and, where appropriate, access must be restricted to appropriate personnel.

Security of assets

- 6.8 The Council holds non-current assets in the form of property, land, infrastructure, vehicles, plant and equipment which are collectively worth many millions of pounds. These assets must be safeguarded and used efficiently.
- 6.9 All Officers have a responsibility for safeguarding the Council's assets and information, including the security of the Council's computer systems and paper records, and for ensuring compliance with the Council's computer and Internet security policies.
- 6.10 The Assistant Director Property and FM will undertake the role of 'Corporate Landlord' on the Council's behalf and will:
- ensure the proper security and maintenance of all premises occupied and/or owned by the Council; and
 - hold the title deeds for all Council properties.
- 6.11 Executive Directors will:
- advise the Assistant Director Property and FM of any situation where security of Council premises is thought to be defective or where it is considered that special security arrangements may be needed;
 - ensure that no Council asset is subject to personal use by an Officer without proper authority;
 - ensure the safe custody of vehicles, equipment, furniture, inventory, stores and other property belonging to the Council;
 - ensure cash holdings on Council premises are kept to a minimum; and
 - ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times and report any loss of any such keys to the relevant Executive Director and the Chief Internal Auditor.

Asset register

- 6.12 The Section 151 Officer is responsible for the maintenance of a corporate register of the Council's property, plant and equipment assets (the 'Asset Register'). This register forms the basis of balance sheet reporting on all property, plant and equipment assets held by the Council.
- 6.13 This Asset Register is maintained, in accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting in the UK and the underlying accounting standards for:
- all items capitalised in accordance with the guidelines set out in Rule 2.33 that are expected to be used and controlled by the Council during more than one financial year; and
 - items that the Council has acquired under the terms of a lease or similar arrangement.

6.14 This means that the Asset Register is maintained for:

- all land held by the Council;
- buildings held and being used by the Council for operational purposes, including those held under the terms of a lease;
- buildings held for investment purposes;
- land and buildings deemed to be surplus to current requirements and/or held pending disposal;
- all highways infrastructure (e.g., roads, structures, traffic management systems etc.) that, when acquired, was capitalised in accordance with the guidance set out in Rule 2.33; and
- all vehicles, plant and equipment (including IT hardware) and intangible assets (mainly IT software) that:
 - when acquired, was capitalised in accordance with the guidance set out in Rule 2.33; or
 - is held under the terms of a lease or similar arrangement.

6.15 Executive Directors will provide the Section 151 Officer with any information necessary to maintain the Asset Register. This will include confirmation of the location of moveable assets, which should be appropriately marked and insured.

6.16 The Assistant Director Property and FM, in conjunction with the Section 151 Officer, will ensure that land and building assets that are required to be measured at 'current value' are re-valued, as part of a rolling programme, in accordance with:

- the requirements of the CIPFA Code of Practice on Local Authority Accounting in the UK; and
- methodologies and bases for estimation set out in relevant professional standards and codes of practice (including those of CIPFA and the Royal Institute of Chartered Surveyors (RICS)).

6.17 The Assistant Director Property and FM will ensure that:

- regular impairment reviews are undertaken in line with CIPFA and RICS requirements;
- estimated useful lives and depreciation rates are re-assessed on a regular basis; and
- asset condition surveys are carried out to inform backlog maintenance requirements and capital investment plans.

Use of property other than for direct Service delivery

- 6.18 The use of property other than for direct Service delivery will be subject to prior agreement of, and in accordance with terms and conditions specified by, the Assistant Director Property and FM.
- 6.19 Prospective occupiers of Council land and buildings are not permitted to take possession of, or enter, the land and buildings until a lease or agreement, in a form approved by the Assistant Director Property and FM, in conjunction with Legal Services, has been put in place.

Property transactions

- 6.20 The Council enters into a variety of property agreements, including (but not limited to):
- freehold acquisitions and disposals;
 - long leasehold acquisitions and disposals;
 - short leases as tenant and as landlord;
 - section 106 agreements as landowner;
 - release of covenants;
 - compulsory acquisitions and land compensation claims;
 - taking and granting easements;
 - option Agreements; and
 - lease surrenders and exit agreements (including dilapidations).
- 6.21 Each of these transactions has a financial consequence for the Council.
- 6.22 Approval is required to authorise any of these property transactions, and to declare properties surplus to requirements, as set out in the Financial Limits Annex.
- 6.23 The financial thresholds for all property transactions (set out in the Financial Limits Annex) apply to decisions based on the open market value of the interest in the land or property (i.e., the value based on highest and best use, taking account of any information the Council has about the purchaser's proposals for the land acquired) which is reasonably foreseeable at the date of the approval, and not to the actual money involved.
- 6.24 Any moveable assets located within properties proposed for sale, that would be included as part of the sale (e.g., paintings), will be subject to separate consideration in accordance with Rule 6.15.
- 6.25 All property transactions are subject to the Key Decision criteria set out in the Constitution.
- 6.26 Once land and buildings have been declared surplus to requirements, the Assistant Director Property and FM will arrange for the disposal of these assets in accordance with the

Council's property strategy and only then when it is in the best interests of the Council and when Best Value is obtained.

- 6.27 Cabinet and Commissioner approval must be obtained, in consultation with the Section 151 Officer, if it is proposed to dispose of the freehold (or an unexpired leasehold interest) of the Council's interest in a property (in full or in part) at a value which is below market value. In some circumstances approval of the Secretary of State will also be required. Before making recommendations to Cabinet, the Assistant Director Property and FM must consult with the Monitoring Officer or their nominee on this issue and may, in some situations, also need to obtain specialist external legal advice (to be advised by the Monitoring Officer or their nominee).
- 6.28 The proceeds from the sale of all land and buildings previously held by the Council for operational purposes will (subject to certain statutory limitations) be pooled and applied to finance future capital investment or for any other purpose permitted by applicable legislation. No such capital receipts will be earmarked for use by a specific Service.
- 6.29 The Assistant Director Property and FM will advise on best practice for disposal of other assets that are deemed surplus to requirements, bearing in mind factors such as environmental issues, security and data protection.

Disposal of other assets

- 6.30 The Assistant Director Property and FM will ensure that asset use is maximised and that an asset disposal strategy is in place to ensure that all assets not required for operational purposes are disposed of at the best price currently available. The approvals set out in the Financial Limits Annex apply to disposals of assets under this Rule 6.30.
- 6.31 The Executive Director Corporate Services is responsible for ensuring that the standards, policies and guidelines of decommissioning of IT equipment are well defined and communicated to all staff within the Council. Applicable data protection legislation must be a key consideration in the decommissioning of IT equipment.

Consumable stocks and stores

- 6.32 Executive Directors will make adequate arrangements for the care and custody of consumable stocks and stores held by their Services and will maintain inventory records that document the receipt (by purchase or donation) and usage of these items.
- 6.33 The stock of such items should be subject to independent physical checks at least once every financial year. Discrepancies between inventory records and the physical stock must be investigated and pursued to a satisfactory conclusion.
- 6.34 Stocks and stores must be charged to the relevant Service revenue account when consumed.
- 6.35 The relevant Executive Director (or Budget Manager) must complete a certificate at each financial year end, confirming the number and value (i.e., value represents the lower of cost and net realisable value) of items held in stock as at 31 March.
- 6.36 Obsolete stocks and stores (i.e., items that cannot be sold or consumed) or items no longer held (i.e., due to theft or other loss) must be written off (i.e., charged to the revenue account

as an expense) straight away. The minimum levels of approval required to write off stock balances are as set out in the Financial Limits Annex.

Cash

Introduction

- 6.37 All money in the hands of the Council is controlled by the Section 151 Officer. The Section 151 Officer is thereby responsible for providing assurances that the Council's money is properly managed in a way that balances risk with return, with the overriding consideration being given to security.
- 6.38 In accordance with the Council's Anti Money Laundering Policy, all suspected attempts to use the Council to launder money must be reported to the Chief Internal Auditor who is the Council's Money Laundering Reporting Officer (see Rule 5.36).

Treasury management

- 6.39 Treasury management is an important aspect of the overall financial management of the Council. Treasury management activities are those associated with the management of the Council's cash flows and its borrowing and investments. A fundamental aim is to effectively control the risks associated with these activities and to pursue Best Value, in so far as that is consistent with the effective management of risk.
- 6.40 The Council complies with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes, and has approved:
- a Treasury Management Policy Statement;
 - Treasury Management Practices ; and
 - an Investment Strategy and a Disinvestment Strategy which set out:
 - the Council's approach to managing surplus cash;
 - the Council's approach to rationalising investment holdings which no longer represent good Value of Money;
 - how the Council will take steps to meet CIPFA Treasury Management guidance and Prudential Code requirements in full;
 - a restriction on the Council incurring borrowing for investment purposes; and
 - measures to prevent the Council from being exposed to unnecessary financial risk.
- 6.41 The Section 151 Officer is responsible for maintaining the Treasury Management Policy Statement and TMP, and for recommending any changes to Council for approval.
- 6.42 As noted, the Section 151 Officer will propose an annual Treasury Management Strategy and Debt Reduction Strategy to the Council before the start of the relevant financial year. The Treasury Management Strategy will comply with CIPFA's Code of Practice on Treasury

Management, relevant regulations and statutory guidance, and with the Council's own Treasury Management Policy Statement and TMP. It will set out the parameters within which:

- investment and borrowing activity will be managed during the forthcoming financial year; and
- borrowing levels will be reduced in line with directions from central government departments.

6.43 The Section 151 Officer is responsible for ensuring that all borrowing and investment activity is undertaken in compliance with the approved Treasury Management Strategy and Debt Reduction Strategy approved at the start of the financial year. The Section 151 Officer will report to the Cabinet at regular intervals in each financial year on treasury management activities undertaken within delegated powers.

6.44 All investments of money, and borrowings, undertaken on behalf of the Council will be made in the name of the Council. The Section 151 Officer will maintain records of such transactions.

Loans to third parties

6.45 The circumstances in which loans may be provided by the Council to third parties, and the approvals required to each type of loan are set out in the Financial Limits Annex.

6.46 The rate of interest chargeable on loans to third parties (including subsidiaries of the Council):

- for the purpose of financing expenditure which, if incurred by the Council, would constitute capital expenditure; and
- For other purposes (e.g., to support cash flows),

will be determined in consultation with the Section 151 Officer, having due regard to the subsidy control requirements applicable in the United Kingdom as set out in the Subsidy Control Act 2022.

6.47 Repayments arising from loans to third parties (including subsidiaries of the Council) for the purpose of financing expenditure which, if incurred by the Council, would constitute capital expenditure are deemed to be capital receipts. These capital receipts will be applied to repay the amounts loaned.

Bank accounts

6.48 The opening or closing of any Council bank account will require the prior approval of the Section 151 Officer and must be managed in accordance with directions issued by the Section 151 Officer.

6.49 The opening of additional bank accounts (including escrow accounts and performance bonds) in the Council's name is to be avoided if possible. Where money is to be held temporarily as a bond or in joint names, this can usually be more readily achieved by use of a holding account within the Council's accounts.

6.50 As noted in Rule 5.39, cash unrelated to the Council's own activities will not be paid into a Council bank account without the prior approval of the Section 151 Officer.

Imprest accounts (petty cash)

6.51 Wherever possible, purchase cards will be used for low value transactions for which there is no mandated procurement contract in place in accordance with the Council's Purchase Card Policy and these Finance Procedure Rules. However, in the limited circumstances when purchase cards cannot be used, the Section 151 Officer may provide bank imprest (petty cash) accounts to meet minor expenditure on behalf of the Council.

6.52 The Section 151 Officer will:

- prescribe rules for operating an imprest account;
- determine the amount of each imprest account;
- maintain a record of all transactions and cash advances made; and
- periodically review the arrangements for the safe custody and control of these advances.

6.53 Officers operating an imprest account will:

- obtain and retain vouchers to support each payment from the imprest account and, where appropriate, an official receipted VAT invoice must be obtained;
- make adequate arrangements for the safe custody of the account;
- produce cash and all vouchers to the total value of the imprest amount;
- record transactions promptly;
- reconcile and balance the account at least monthly with reconciliation sheets to be signed and retained by the imprest holder;
- ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made; and
- provide the Section 151 Officer with a certificate of the value of the account held at each 31 March.

As part of year-end financial reporting processes, the Council will exercise appropriate oversight of any cash balances and bank accounts held by schools.

Trust funds and funds held for third parties

6.54 All trust funds will be operated subject to oversight by the Section 151 Officer. Wherever possible, all cash funds will be held in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities and other key documentation relating to the trust (e.g., trust deeds, lease agreements, title deeds etc) with the Section 151 Officer unless the trust deed provides otherwise.

6.55 Trust funds will be operated within any relevant legislation and the specific requirements for each trust. All trust funds will be subject to audit or independent examination in line with Charity Commission requirements.

6.56 Where funds are held on behalf of third parties, for their secure administration, records will be maintained of all transactions.

Staffing

6.57 The Head of Paid Service is responsible for providing overall management to Council staff and is also responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration rate for job roles.

6.58 Executive Directors have primary responsibility for their establishment and are accountable for compliance with establishment and financial controls. Executive Directors are responsible for ensuring that positions are only created as new requirements and associated funding emerge and are deleted or modified as needs and funding change. They will ensure that the staffing budget is not exceeded without the approval of the Section 151 Officer and that it is managed to enable the agreed level of Service to be provided.

6.59 The Section 151 Officer and Executive Director Corporate Services will advise Executive Directors on areas such as National Insurance and pension contributions, as appropriate.

6.60 Executive Directors and Budget Managers must ensure that all staff are aware of health and safety standards in relation to employees and third parties. It is the individual duty of each employee to comply with these standards.

Intellectual property

6.61 Intellectual property is a generic term that includes inventions and writing. If an employee creates these during the course of their employment they will usually belong to the Council, not to the employee.

6.62 Executive Directors will ensure that their staff are not carrying out private work in Council time and that their staff are aware of the Council's rights with regard to intellectual property.

6.63 Instances where intellectual property has been (or may be) created which has, or may have, commercial value to the Council should be referred to the relevant Executive Director.

Information Systems

6.64 Where new information systems are introduced, or there are significant amendments to existing systems, the development must conform to standards specified by the Council. There must be a full business case (including costs and benefits and how benefits will be realised), a review of business processes, a training needs analysis and adequate project management that meets the Council's standards, including early consideration of internal controls and security.

6.65 All Officers must comply in full with the Council's IT Security Policy. The Strategic Lead IT will ensure that:

- adequate control is exercised over computer access through unique user identities, access levels, passwords, and identification of security violations;
- systems to back up and store computer data are sufficient; and
- a contingency plan is developed and maintained so that in the event of any disaster, systems and equipment can be reinstated.

7. Rule 7 – Financial Administration

Introduction

7.1 This Rule 7 outlines the standards of financial administration, including:

- being clear on who is authorised to approve financial transactions (orders, payments, payroll, income);
- ensuring that Officer appointments, and appointments of temporary staff and agency workers, are made in accordance with employment law, that salaries and wages and other remuneration are properly authorised, that the proper deductions are made (statutory and non-statutory) and all payments are properly recorded and correctly charged;
- ordering and paying for goods and services according to the Contract Procedure Rules, securing Value of Money, paying only for what the Council receives and dealing with VAT correctly;
- ensuring that all sources of income to the Council are identified, claimed and collected;
- ensuring that a live and complete record of all Council transactions is maintained; and
- ensuring that the Council pays and accounts for tax correctly.

Authorisation Levels

7.2 Expenditure should only be incurred by an Officer, or income raised, if authority to purchase goods and services has been delegated to that Officer by an Executive Director under their Directorate Scheme of Delegation.

7.3 The Council operates a framework of authorisations in relation to decision making and Executive Directors must supply the Section 151 Officer with a list of Officers who may:

- place orders and make payments, including via the Council's procure-to-pay system;
- certify travel and expense claims;
- sign petty cash cheques and claim petty cash reimbursement;
- authorise payroll transactions, including starters and leavers, overtime or bonus payments, notification of sickness, and salary adjustments; and

- raise and collect income, including issuing receipts, requesting income adjustments, raising invoices and credit notes, requesting write-offs and invoice cancellations.

This list should include any constraints or limitations on Officers' authorisations.

- 7.4 Transactions will not be processed unless authorisation has been given. Executive Directors must notify any changes in authorised personnel to the Section 151 Officer as soon as reasonably practicable.

Income

Introduction

- 7.5 Effective income collection systems are necessary to ensure that all income due to the Council is identified, collected and banked correctly.

- 7.6 Wherever possible, income should be collected in advance of supplying goods or services, to minimise the time and cost required to administer debts and to avoid bad debts.

- 7.7 A Fees & Charging Policy approved by the Council must be established and reviewed annually by the Section 151 Officer. Cabinet must approve the Fees & Charging Policy. The Fees & Charging Policy should include consideration of:

- whether the charge should be at full cost or subsidised and, if the latter, the proposed level of subsidy;
- who the Council should be charging, and when;
- any concessions to meet the objectives of the Council within the relevant legislation; and
- new Services that can or should be charged for.

- 7.8 It is the responsibility of Executive Directors to ensure that Officers authorised to act on their behalf in respect of income collection are clearly identified.

- 7.9 Executive Directors will supply the Section 151 Officer with details relating to work done, goods supplied, services rendered or other amounts due, to enable invoices to be raised promptly for sums due to the Council, and to ensure that such amounts are properly recorded as due to the Council.

Income collection

- 7.10 The Section 151 Officer will agree the arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection.

- 7.11 Executive Directors will, in accordance with guidance issued by the Section 151 Officer, ensure that:

- all money received by, or on behalf of, the Council is paid fully and promptly into the appropriate Council bank account in the form in which it is received;
- income is not used to cash personal cheques or other payments;

- appropriate details are recorded onto paying-in slips to provide an audit trail;
- a record is kept of money received directly by employees of the Council;
- the receiving Officer signs for the transfer of funds, and the transferring Officer retains a copy;
- wherever possible, at least two Officers are present when post is opened so that money received by post is properly identified and recorded (this requirement must be met where post regularly contains money);
- money collected and deposited is reconciled to the appropriate bank account on a monthly basis;
- responsibility for cash collection is separated from responsibility for identifying the amount due and that responsibility for reconciling the amount due is separated from responsibility for handling the amount received;
- cash is only held on premises up to levels approved by the Section 151 Officer, and all such cash is locked away to safeguard against loss or theft, and to ensure the security of cash handling;
- all appropriate income documents are retained and stored for the defined period in accordance with the Council's Information Management policies and guidance; and
- the Section 151 Officer is advised of outstanding income relating to the previous financial year as soon as possible after 31 March, and in line with the timetable for closure of the accounts determined by the Section 151 Officer.

Debt recovery

- 7.12 Amounts owed to the Council will be recorded by billing the customer or client in accordance with the Council's income management framework.
- 7.13 Executive Directors will ensure that arrangements are in place within their Directorate that define who is empowered to raise a debt on the Council's behalf.
- 7.14 Once debts are raised, Executive Directors must assist the Section 151 Officer with collection, recovery and enforcement of those debts by responding promptly to queries and assisting with disputes in compliance with the timelines set out in the Council's Income Collection and Debt Recovery Strategy.

Writing off debts

- 7.15 Executive Directors will critically review outstanding debts on a regular basis, in conjunction with the Section 151 Officer, and take prompt action to write off debts no longer deemed to be recoverable.
- 7.16 No bona fide debt may be cancelled, other than by formal write off. Debts will only be written off if:
- the debtor is deceased, insolvent or has absconded;

- the debt is statute barred;
- it is uneconomical to pursue the debt; or
- the debt is uncollectable after exhausting all reasonable options.

- 7.17 The approval required to write off any debt meeting any of the above criteria is as set out in the Financial Limits Annex.
- 7.18 A record must be maintained for all debts written off. The appropriate accounting adjustments must be made following approval to write off a debt.
- 7.19 The Service Manager – Income and Assessments and/or Head of Finance Transactional Services will advise the Section 151 Officer and impacted Budget Managers on a monthly basis of the debts written off using their delegated powers.
- 7.20 Where debts have been referred to Legal Services, the Section 151 Officer will have due regard to their advice when considering action relating to bad debts.

Credit notes

- 7.21 A credit note to cancel or reduce a debt may only be issued following a financial assessment of the amount payable or to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt, and once it is confirmed that the debt is not payable.
- 7.22 Credit notes will not be issued:
- for irrecoverable debts, in which case the formal write off procedure should be followed;
 - where the debtor cannot afford to pay at that time, in which case the debt should remain, and revised payment terms agreed, as appropriate; and
 - where a debt is to be recovered through deductions from payments. in which case the deductions made should be offset against the debtor and this should be the first course of action.
- 7.23 Credit notes will be subject to the approval of the Service Manager – Income and Assessments or the Head of Finance Transactional Services, in consultation with the Executive Director or relevant Budget Manager, as appropriate.

Purchasing and procurement

Introduction

- 7.24 The Council applies a standardised approach to purchasing and procurement, according to the complexity and level of risk involved. Sourcing activity therefore depends on whether the work, goods or services are available via one of the Council's corporate mandated contracts and, if not, on:
- what is being procured;

- the value of the procurement; and
- the contract terms.

7.25 Whether there is likely to be a transfer of staff, and/or safeguarding, clinical governance or information security requirements as a consequence of the procurement.

7.26 Compliance with the Council's procedures is mandatory and helps to ensure that Best Value is obtained from its purchasing arrangements.

Purchasing via corporate contracts

7.27 The Council has a number of corporate mandated contracts in place through which standardised supplies and materials must be procured. Details of the corporate mandated contracts are available on the Intranet.

7.28 The Council's Purchase-to-Pay system must be used for ordering goods via a corporate mandated contract.

Procurement

7.29 Where there is no corporate mandated contract in place, it is necessary to follow the procurement approach laid out within the Contract Procedure Rules.

7.30 There is no requirement for competition for very low risk procurements. Very low risk procurements are those for one off purchases, up to a threshold of £10,000 (or such other limit as set out in the Contract Procedure Rules). Such procurements can be made using:

- Council purchase card (in accordance with the Council's Purchase Card Policy); or
- the Purchase to Pay system.

7.31 All other work, goods and services must be procured following a competitive process that reflects the relative risks of the procurement (as set out in the Contract Procedure Rules).

7.32 Officers involved in engaging contractors, and/or with purchasing decisions, must declare:

- any links or personal interests that they may have with purchasers, suppliers and/or contractors (in accordance with Rule 5.30); and
- any gifts or hospitality offered by, or received from, purchasers, suppliers and/or contractors (in accordance with Rule 5.31).

7.33 All new contracts must also be recorded and retained in the corporate contracts register in accordance with the Contract Procedure Rules.

7.34 Where a third party is procuring goods, work or services on behalf of the Council, the relevant Officer(s) must ensure that the third party is aware of and complies with the Council's procurement procedures (including the Contract Procedure Rules, where appropriate).

7.35 Managers responsible for letting contracts should regularly review contractors' performance and address errors, poor performance and/or misrepresentation, and invoke service credits where applicable.

Ordering and paying for work, goods and services

Orders for work, goods and services

7.36 Orders for work, goods and services must:

- be in a form approved by the Section 151 Officer;
- be raised via one of the Council's Purchase-to-Pay systems and issued to the supplier prior to receipt of goods or services or commencement of works save for periodic payments such as rent, or rates, and payments made from petty cash or using a purchase card;
- not be raised for any personal or private purchases; and
- be authorised in accordance with the Constitution and in accordance with the Financial Limits Annex and the Procurement Thresholds Annex.

7.37 Where an order is issued to reflect a procurement decision taken by Members, the order may be authorised by the relevant Budget Manager.

7.38 Where Rule 7.37 above does not apply, and the order will have effect for more than a year and have a value in excess of £150,000, the order must be authorised by an Executive Director.

7.39 In all other cases, the order must be authorised in accordance with the Financial Limits Annex.

7.40 Electronic signatures are acceptable if in a form approved by the Monitoring Officer.

Authorised signatories

7.41 Executive Directors must ensure that a primary approver is assigned to each cost centre code within their respective functional areas. The primary approver is the lowest level authorised signatory for a cost centre code.

7.42 Where the primary approver is not the Budget Manager, the primary approver must be in the line management hierarchy of the Budget Manager so that all requisitions are escalated through the primary approver's line management hierarchy until reaching the person with the relevant delegated approval limit.

7.43 Executive Directors will identify in each case the delegated limits of the primary and other approvers below the relevant Budget Manager, and the other Officers to whom a primary or other approver can delegate their approval rights. An approver may only reassign their authorisation rights to an Officer with an equivalent or higher delegated limit to their own and delegations should be recorded in the form prescribed by the Section 151 Officer.

7.44 No one may authorise an order unless they are satisfied that:

- they have the delegated power to commit the expenditure;
- the work, goods and services ordered are appropriate and needed;
- there is adequate budgetary provision;
- where a suitable corporate mandated contract exists, this has been used; and
- where there is no corporate mandated contract, the Contract Procedure Rules have been adhered to.

Receipt of work, goods and services

- 7.45 When work, goods and services are received they must be checked against the applicable purchase order, to ensure they are in accordance with that order. Wherever possible, goods should not be received by the person who approved the order.
- 7.46 For work, goods or services ordered via the Council's Purchase to Pay system, the quantity of work, goods and services received must be recorded on a timely basis in that system against the original purchase order (referred to as 'receipting' the purchase order). The receipting of the purchase order provides approval to pay the suppliers' invoice (to the value of the work, goods or services received) and results in the expenditure being recognised in the Council's accounts. No purchase order may be 'receipted' in advance of the Council receiving the relevant work, goods or services.
- 7.47 For work, goods or services obtained using a Purchase Card it is the cardholder's responsibility to ensure that this is done in compliance with the Council's Purchase Card Policy.

Payment of suppliers

- 7.48 For items ordered via the Council's Purchase to Pay system, the Section 151 Officer will make payments from the Council's funds upon receipt of an original, certified copy, or valid electronic VAT invoice, provided that:
- a valid purchase order number is quoted on the suppliers' invoice; and
 - confirmation of receipt of the work, goods or services has been provided and the invoice is consistent with the receipted amount.
- 7.49 Invoices received which do not quote an approved purchase order number are not valid and will be returned to the supplier unpaid.
- 7.50 The Section 151 Officer will also make payments from the Council's funds upon receipt of an original, certified copy, or valid electronic VAT invoice that has been checked, coded and certified in accordance with the thresholds set out in Rule 7.39, confirming that:
- the receipt of goods or services to the correct price, quantity and quality standards;
 - the invoice has not previously been paid;
 - expenditure has been properly incurred and is within Budget provision;

- prices and arithmetic are correct and accord with quotations, Tenders, contracts or catalogue prices;
 - discounts have been taken, where available; and
 - the correct accounting treatment of tax has been applied.
- 7.51 Payments to creditors will be made as soon as possible within agreed payment terms in order to avoid late payment charges under the Late Payment of Commercial Debts (Interest) Act 1998, as amended by the Late Payment of Commercial Debts Regulations 2013.
- 7.52 Any invoice in dispute with a supplier must be clearly identified and processed in accordance with guidance issued by the Section 151 Officer.
- 7.53 **It is not permissible to make a payment in advance of the delivery of works, goods or services, or to vary the Council's standard settlement terms, other than with the prior approval of the Section 151 Officer.**
- 7.54 Executive Directors will notify the Section 151 Officer immediately of any expenditure to be incurred as a result of statute / court order where there is no budgetary provision. In such cases, appropriate budget provision should be sought, either by way of a virement (see Rules 3.13 – 3.15) or supplementary estimate (see Rules 3.16 – 3.23).
- 7.55 The normal methods of payment by the Council are:
- BACS payments direct into suppliers' bank accounts; and
 - Purchase Card (in accordance with the Council's Purchase Card Policy).
- 7.56 In exceptional circumstances, where suppliers are unable to accept payment via BACS, cheques will be issued by the Section 151 Officer. The use of direct debits to make payments will require the prior agreement of the Section 151 Officer.
- 7.57 All appropriate evidence of the transaction and payment documents will be retained and stored in accordance with the Council's Information Management policies and guidance.
- 7.58 Executive Directors must advise the Section 151 Officer, at the end of each financial year, of outstanding expenditure relating to the financial year just ended, in line with the timetable for closure of the accounts determined by the Section 151 Officer.
- 7.59 The Council will publish a record of all payments to suppliers on its website on a monthly basis in accordance with the Local Government Association's 'Local transparency guidance – publishing spending and procurement information'.

Contracts for construction and alterations to buildings / civil engineering works

- 7.60 The systems and procedures for dealing with the financial aspects of contracts for construction and alterations to buildings and for civil engineering works must be agreed with the Section 151 Officer. This will include the systems and procedures for the certification of interim and final payments, checking, recording and authorising payments, monitoring and controlling capital schemes, and the procedures for validation of subcontractors' tax status.

Payments to staff and Members

Salaries

- 7.61 Staff appointments will be made in accordance with the Council's Recruitment and Selection Policy and supporting policies, establishments, grades and scales of pay.
- 7.62 The Section 151 Officer is responsible for all payments of salaries and overtime to staff (with the exception of those schools that have the delegated power to procure their payroll function from elsewhere). The Section 151 Officer will:
- arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with prescribed procedures, on the due date; and
 - record and make arrangements for the accurate and timely payment of tax, pensions and other deductions.
- 7.63 The Section 151 Officer is responsible for ensuring that there are adequate arrangements for administering pension matters on a day-to-day basis.
- 7.64 Executive Directors must ensure that effective systems and procedures are operated, so that:
- payments are only made to bona fide employees;
 - payments are only made where there is a valid entitlement;
 - conditions and contracts of employment are correctly applied; and
 - employees' names and contact details listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 7.65 The Section 151 Officer will advise upon the employment status of individuals employed on a self-employed consultant or sub-contract basis.

Expenses and allowances

- 7.66 The Section 151 Officer is responsible for the payment of certified expense claims submitted by employees that are made in accordance with the Council's travel and subsistence policy.
- 7.67 Certification of travel and subsistence claims is taken to mean that journeys were authorised, and expenses properly and necessarily incurred for business purposes, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved.
- 7.68 The Section 151 Officer is also responsible for the payment of Members' travel or other allowances. Members' expenses must be claimed in accordance with the provisions set out in the Members' Allowance Scheme (as set out in Chapter 11 of the Constitution).
- 7.69 The Section 151 Officer will ensure that taxable allowances and benefits are accounted for, recorded and returned, where appropriate, to HM Revenue and Customs. Details of any employee benefits in kind must be notified to the Section 151 Officer to enable full and complete reporting within the income tax self-assessment system.

7.70 Due consideration should be given to tax implications, ensuring that advice is sought, and the Section 151 Officer is informed where appropriate.

Ex-gratia payments

7.71 Ex-gratia payments are one-off payments made to an employee or former employee as a gesture of goodwill, without a legal or contractual obligation to do so. They include compromise and other payments made for loss of office.

7.72 Ex-gratia payments can be made to employees or former employees subject to obtaining approval as set out in the Financial Limits Annex. Any such ex-gratia payments should be reported to the Section 151 Officer.

7.73 The circumstances of the proposed payment must not have the effect of circumventing other Council pay and allowance policies, tax rules or other legislation.

Taxation

7.74 The Section 151 Officer is responsible for ensuring compliance with all relevant taxation regulations and guidance that affect the Council either directly, as a consequence of its own activities, or indirectly, as a result of service delivery through external partners.

7.75 To enable the Section 151 Officer to fulfil the requirements of this role, Executive Directors will ensure that:

- the Section 151 Officer is consulted on all proposals that may alter or affect the Council's tax liability, including proposals to implement alternative service delivery and payment models (as outlined in Rule 8.1);
- the VAT guidance issued by the Section 151 Officer is complied with (i.e., to ensure that the correct liability is attached to all income due and that all amounts recoverable on purchases can be claimed);
- where construction and maintenance works are undertaken, the sub-contractor fulfils the necessary construction industry tax scheme requirements (as advised by the Section 151 Officer); and
- the Section 151 Officer's guidance on fee payments to consultants, individuals and partners is complied with.

7.76 The Section 151 Officer will be responsible for the Council's tax records, making all tax payments, receiving tax credits, and submitting tax returns by their due date, as appropriate.

Emergency payments

7.77 Emergency payments may arise as a consequence of unforeseen circumstances (e.g., as a consequence of a natural disaster, a civil emergency or a court order etc.) where Budget provision has not been made and the payment cannot be covered within the relevant Service's existing Service Budget.

7.78 Emergency payments can only be made in extenuating circumstances with the approval set out in the Financial Limits Annex (as a minimum).

- 7.79 Details of emergency payments made within the financial year will be reported retrospectively to Cabinet.

Transparency

- 7.80 To provide transparency in its stewardship of public funds, the Council makes information available to the public in relation to its spending, regardless of value and in accordance with the Local Government Association's 'Local transparency guidance – publishing spending and procurement information'. Monthly payment transactions made via purchase card, employee expenses, and accounts payable are available to download via the Council's Spending Information website.

Electronic payments

- 7.81 Where payments are to be transmitted electronically, the Section 151 Officer shall approve the necessary arrangements made to safeguard the Council against losses.
- 7.82 Requests for electronic transfers through the banking system must be made to the Corporate Finance (Treasury Management) team in writing by an authorised signatory. The Treasury Management team must be given advance warning when such transfers are required. Seven days' notice is required for payments up to £2,000,000 and fourteen days for payments in excess of £2,000,000.
- 7.83 Payment by Direct Debit may only be agreed with the prior approval of the Section 151 Officer and the Finance Manager Treasury and Collection Fund. Directorates will be required to take any necessary action to safeguard against loss of VAT recovery.

8. Rule 8 – External Arrangements

Alternative service delivery models

Introduction

- 8.1 Alternative service delivery models may be considered, including but not limited to:
- outsourcing Service provision to the private or voluntary sector, or to another public sector organisation;
 - spinning out a service to a separate independent enterprise;
 - enabling joint working with other public sector bodies;
 - facilitating working with the private or voluntary or public sector, or a combination thereof; or
 - using a company owned by the Council or by another local authority.
- 8.2 There is no one best or dominant model for service delivery. It is necessary to consider any proposals to use an alternative delivery model on a case-by-case basis. However, an alternative delivery model may only be pursued and established in compliance with the decision-making process outlined in Rule 8.4.

8.3 Given the Council's current financial position and the Disinvestment Strategy now in place, no new limited company, joint venture or other corporate entities are expected to be established in the foreseeable future. Other alternative delivery vehicles will be considered if, and only if, they provide a clear business case for delivering essential Council Services with improved Value of Money and no exposure to additional financial risk.

Business cases for alternative delivery vehicles

8.4 Any proposal to establish an alternative delivery vehicle must be supported by a business case as described in Rules 2.46 – 2.50, to ensure that there is a robust planning and decision-making process in place. This should include:

- governance arrangements for the partnership;
- risk and opportunity management and risk sharing agreements, including the risk of service failure;
- financial administration, cash management and accounting arrangements;
- pensions risk;
- taxation implications;
- human resources implications;
- the transfer of assets and liabilities;
- insurance arrangements; and.
- legal implications.

8.5 If it is proposed to establish an alternative delivery vehicle for the provision of Council services, Part 3 of Chapter 12 of the Constitution must also be adhered to.

8.6 Executive Directors are responsible for consulting the Section 151 Officer and ensuring that Cabinet approval for an alternative delivery vehicle is obtained before any contract negotiations and/or financial transactions are entered into, and that all agreements and arrangements are properly documented.

8.7 Cabinet is responsible for approving the Council's participation in all significant partnerships / joint working arrangements with other local public, private, voluntary and community sector organisations.

8.8 Executive Directors, following advice from the key stakeholders (including the Section 151 Officer and Monitoring Officer), will advise Cabinet on the key elements of the alternative delivery vehicle, including:

- the arrangements for financial record keeping, accounting, billing customers and paying suppliers, tax, pensions, banking and cash management;
- the arrangements to ensure that the Council will maintain adequate oversight and assurances over the financial performance of the alternative delivery vehicle;

- an assessment of the financial and non-financial risks, together with the plans to mitigate those risks, including consideration of the financial and reputational impact of failure to deliver Services, with clear plans on how this would be addressed;
- the financial commitments the Council will make (including to provide cash management, working capital and longer-term loan funding and/or financial guarantees), and details of any other financial implications for the Council arising as a consequence of the proposed alternative delivery model;
- arrangements for providing any information required for the Council's Statement of Accounts to the Section 151 Officer;
- audit requirements (both internal and external) and arrangements for the Council's External Auditors and Internal Auditors, where relevant, to have access to information.
- the governance arrangements for decision making, and how these will be carried out to ensure that the services provided remain aligned to those of the Council;
- performance measurement arrangements.;
- any proposals to transfer Council assets to the alternative delivery vehicle, and the arrangements for safeguarding their title and use;
- whether equality, sustainability, recruitment and employment practices, data handling and protection, freedom of information principles, standards and behaviour and arrangements for engaging with citizens and service users are aligned to the Council's legal requirements and policies;
- the pensions arrangements for employees of the alternative delivery vehicle, especially if Council employees are transferring to the alternative delivery vehicle;
- Where the proposal is for a local authority trading company, the proposed policy and decision-making process for the retention or distribution of profits, including agreement of a dividend policy should that sets out the process by which decisions will be taken regarding the retention or distribution of profits; and
- exit arrangements and, if relevant, what would be done to ensure services continue to be delivered in the event of non-delivery by the alternative delivery vehicle.

8.9 Where (subject to Rule 8.3 above) it is proposed to establish a local authority trading company, the new company will use the Council's support service functions and the Council's property (and its facilities management services) for the delivery of services on behalf of the Council, unless and until otherwise agreed by the Section 151 Officer. The new company will bear the full cost of the services provided by the Council's support service functions.

Partnerships

Context

8.10 Partnerships include any arrangements where the Council agrees to undertake, part fund, or participate in a project with other bodies, either as a beneficiary of the project, or because the nature or status of the project gives the Council a right or obligation to support it. Shared services with other public bodies, including section 75 agreements entered into under the Health Act 2003, or similar arrangements, are classed as partnerships. It does not include situations where the Council is simply providing funding without assuming any obligation or risk relating to delivery of the project.

8.11 It is important to understand and distinguish between a partnership in this context and a supplier who the Council may refer to as a 'partner' due to the status that the Council has contractually awarded to it. Irrespective of the title applied to it, this latter type of partnership is a supplier relationship, which will be entered into in accordance with, and governed by, the Contract Procedure Rules and the Council's Procurement Guide.

Forming of partnerships

8.12 The approval of both the Section 151 Officer and the Monitoring Officer is required before the Council enters into any formal partnership agreement. The approval of the Section 151 Officer must also be obtained where it is proposed that the Council adopts the role of 'Accountable Body' for a partnership. This is to ensure that the:

- legal status and financial viability of the arrangement are clearly established and that they are acceptable to the Council;
- the Council's financial commitment to the partnership is quantified and can be accommodated within the existing Budget;
- financial and corporate governance arrangements in place for the partnership are robust and acceptable from the Council's perspective;
- the Council is not exposed to undue financial, legal or reputation risk as a result of its involvement in the partnership; and
- the Council's own financial accounting and reporting requirements can be satisfied.

8.13 A partnership agreement must be produced that documents each of the matters listed in Rule 8.12, as well as the arrangements for dispute resolution and for exiting from the arrangement.

8.14 Cabinet is responsible for approving delegations and frameworks for all partnerships.

8.15 Executive Directors will ensure that:

- the approval of the Section 151 Officer and the Monitoring Officer is obtained prior to entering into a partnership agreement;
- an appraisal is undertaken which demonstrates that the risks associated with the arrangement are minimal, or that appropriate arrangements are in place to mitigate any such risks;
- the partnership agreement and arrangements will not impact adversely on the Services provided by the Council or on its finances;

- the proposed financial contribution by the Council to the partnership can be met from existing Budget provision; and
- Cabinet approval is secured for all delegations and frameworks for the proposed partnership.

Delegation of budget to a partnership

- 8.16 The delegation of budget to a partnership (whether the arrangement is binding on the parties involved), where money is normally spent in accordance with the wishes of a group of individuals or organisations, is subject to approval as set out in the Financial Limits Annex.

Financial administration

- 8.17 Where the Council is the 'Accountable Body' for a partnership, these Finance Procedure Rules and the Constitution will apply to decisions relating to the spending by that partnership. All expenditure must be authorised by an appropriate Officer, or by someone else who has a statutory power to authorise such expenditure. Executive Directors are responsible for ensuring that the Council is promoting and applying the same high standards of financial administration to any partnership as those that apply to the Council.
- 8.18 The Council must adhere to all relevant legislation, regulations and statutory guidance in relation to partnership arrangements.
- 8.19 Whenever any such arrangements are made, there must be a written document which clearly establishes the responsibilities of the respective partners for managing the arrangement and the resources made available to the partnership.
- 8.20 This document must also set out the arrangements in respect of unspent funding at each year end (unless this is to be returned to the Council as unspent money) and for addressing any overspend. The Council cannot carry underspent partner contributions forwards from one financial year to another if this is contrary to the partner's own financial procedure rules.
- 8.21 Executive Directors must provide information on the partnership arrangements to the Section 151 Officer, in order that the appropriate disclosures can be made within the Council's annual Statement of Accounts.

Documenting and recording of partnership agreements

- 8.22 Executive Directors must ensure that all partnership arrangements are properly documented, and that all money for which the Council is accountable is spent via a written contract with the recipient (even if the recipient is a party to the arrangements). A register of those contracts must be maintained in accordance with procedures specified by the Section 151 Officer.
- 8.23 Executive Directors must also ensure that partnership arrangements meet all applicable assurance, performance and audit requirements.

Representing the Council

- 8.24 Executive Directors will ensure that the Council has full oversight of the operation of any partnership arrangement. This will usually be by Officer support and by Members holding positions on the relevant 'partnership board'.
- 8.25 Executive Directors will ensure that appropriate Officer input is provided to support Members in this role, and that all decisions made by the Council are discharged as permitted within the Scheme of Delegation.

External funding (grants and other contributions)

Funding conditions

- 8.26 External funding is an important source of income to the Council. The conditions attached to such funding must be considered carefully before the Council applies or bids for, or accepts, any funding, to ensure that:
- the funding conditions are compatible with the aims and objectives of the Council;
 - the necessary governance, accounting and recording procedures, and funding agreements, are in place to meet funding conditions and reporting requirements; and
 - appropriate Budget provision is available if 'match funding' is required.
- 8.27 The relevant Service Finance contact should be notified of all external funding bids and applications and will support the bid or application through the process.

Accounting for external funding

- 8.28 The Section 151 Officer, in conjunction with Executive Directors, must ensure that all grants and other funding awarded by external bodies is received and properly recorded in the Council's accounts.

External funding claims

- 8.29 Executive Directors must ensure that appropriate records are maintained to evidence compliance with any applicable conditions placed on external funding by the awarding body, and any instructions issued by the Section 151 Officer.
- 8.30 Executive Directors must also ensure that claims and returns are made by the due date, allowing sufficient time for the Section 151 Officer to review those claims and returns before submission to the awarding body.
- 8.31 Executive Directors will notify the Section 151 Officer if the awarding body requires external audit of a grant or similar claim to evidence compliance with the grant or funding conditions.

Third party expenditure

- 8.32 Sometimes, grant funding awarded to the Council may be passed to a third party outside the direct control of the Council. The Council will remain accountable for the grant funding and, as such, will be responsible for ensuring that the terms of the grant are met. Executive Directors must ensure that effective monitoring and reporting procedures are in place to provide assurances over the eligibility of expenditure incurred by any such third party.

Work by the Council for other organisations

Approval to contractual arrangements

8.33 Work can only be undertaken for other organisations where the Council has the legal powers to undertake the work. Where such legal powers exist, Executive Directors are responsible for:

- approving the contractual arrangements for any work undertaken by their Directorate for third parties or external bodies;
- ensuring that the appropriate expertise exists to fulfil the contract; and
- ensuring that no contract adversely impacts upon the Services provided by the Council.

Financial aspects of third-party contracts

8.34 The Section 151 Officer will determine the accounting, banking and other financial arrangements for third party contracts.

8.35 Executive Directors will:

- comply with any accounting instructions and other guidance issued by the Section 151 Officer;
- ensure that the appropriate insurance arrangements are made;
- ensure that all costs arising from the provision of services to a third party are recovered and hence that there is no subsidy included within the contract; and
- ensure that the Council is not exposed to the risk of non-recovery of contract income.

Documenting and recording contracts

8.36 A written agreement must be put in place between the Council and the relevant third party, which details the services to be provided, over what period and at what price; this will be signed by both parties to the agreement.

FINANCIAL LIMITS ANNEX

1. KEY DECISIONS

The following will be Key Decisions:

Approver	Financial Threshold	Conditions
As set out in the Scheme of Delegations	Expenditure or savings with financial implications of up to £500,000	
Chief Executive or Executive Director	<p>Expenditure or savings with financial implications of £500,000 or more</p> <p>AND/OR</p> <p>The decision is likely to be significant in terms of its effect on communities living or working in an area comprising two or more electoral wards in the area of the Council.</p>	<p>A written report setting out the justification for the decision must be produced by relevant Officers and reviewed by the Decision Taker.</p> <p>The Decision Taker must consult the relevant Commissioner and Cabinet Member, or in their absence, the Leader, about the decision.</p> <p>The decision must be:</p> <ul style="list-style-type: none"> • reported to Cabinet for information; • published on the Council’s website in accordance with the Access to Information Procedure Rules; and • circulated to the relevant Overview and Scrutiny Committee for review.

The Key Decision Threshold will be reviewed annually as part of the Budget setting process.

2. AUTHORISATIONS AND APPROVALS

RESERVES

(Rule 2.28 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Up to and including £500,000	Executive Director or Assistant Director	Relevant Budget Holder
Above £500,000	Cabinet	Section 151 Officer, Commissioners, relevant Executive Director(s) and relevant Service Cabinet Member

VIREMENTS, SUPPLEMENTARY ESTIMATES AND CHANGES TO “CONTROLLABLE NET BUDGET”

(Rules 3.14, 3.15 and 3.48 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Up to and including £25,000 (subject to the aggregation rule in Rule 3.15)	Assistant Director	Relevant Budget Holder
Above £25,000 but no more than £50,000 (subject to the aggregation rule in Rule 3.15)	Executive Director	Section 151 Officer and relevant Service Cabinet Member(s)
Above £50,000 but no more than £500,000	Cabinet Member for Finance	Relevant Executive Director(s), Section 151 Officer and relevant Service Cabinet Member(s)
Above £500,000	Cabinet	Cabinet Member for Finance, relevant Service Cabinet Member(s), relevant Executive Director(s), Section 151 Officer, Commissioner

REPROFILING OF CAPITAL EXPENDITURE

(Rule 3.51 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Up to and including £25,000	Assistant Director	Relevant Budget Holder, and the Section 151 Officer to ensure that there are no adverse implications on capital financing resource
Above £25,000 but no more than £50,000	Executive Director	Section 151 Officer and relevant Service Cabinet Member(s), unless the saving being utilised is more than 25% of the project or 'block' approval that it is to come from, in which case the approval in the next row in this table will apply
Above £50,000 but no more than £1,000,000	Cabinet Member for Finance	Relevant Executive Director(s), Section 151 Officer and relevant Service Cabinet Member(s)
Above £1,000,000	Cabinet	Cabinet Member for Finance, relevant Service Cabinet Member(s), relevant Executive Director(s), Section 151 Officer and Commissioners

CHANGES TO CAPITAL PROGRAMME

(Rule 3.54 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Up to £1m	Cabinet Member for Finance	Relevant Executive Director(s), Section 151 Officer and relevant Service Cabinet Member(s)
£1m and above	Cabinet	Cabinet Member for Finance, relevant Executive Director(s), Section 151 Officer and relevant Service Cabinet Member(s), and Commissioners

SETTLING INSURANCE CLAIMS

(Rule 5.17 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Up to £20,000	Claims Lead	
Above £20,000 and up to £150,00	Risk and Insurance Manager	
Above £150,000 and up to £500,000	Head of Financial Assurance, Risk, Internal Audit and Insurance	Section 151 Officer and Monitoring Officer
Above £500,000	Cabinet	Cabinet Member for Finance, relevant Executive Director(s), Section 151 Officer and relevant Service Cabinet Member(s), Monitoring Officer, and Commissioners

PROPERTY TRANSACTIONS, INCLUDING INVESTMENT PROPERTY AND ASSET DISPOSALS

(Rules 6.22 and 6.23 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Operational and surplus properties		
Up to £250,000	Assistant Director Property and FM	
Above £250,000 and up to £1m	Executive Director Place	Executive Member of Place, Cabinet Member for Finance, Section 151 Officer and Monitoring Officer
£1m and above	Cabinet	Cabinet Member for Property and Cabinet Member for Finance, Section 151 Officer, Monitoring Officer and Commissioner
Investment properties		
Up to £250,000	Section 151 Officer	Head of Property
Above £250,000 and up to £500,000	Section 151 Officer	Head of Property
Above £500,000 and less than £2m	Section 151 Officer	Cabinet Member for Finance
£2m and above but less than £5m	Cabinet Member for Finance	Leader and Section 151 Officer
£5m and above	Cabinet	Cabinet Member for Finance, Leader and Section 151 Officer

DISPOSAL OF OTHER ASSETS

(Rule 6.30 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Up to £250,000	Head of Service	
Above £250,000 and up to £500,000	Assistant Director / Director	
Above £500,000 and less than £2m	Executive Director	Service Director and Service Cabinet Member
£2m and above but less than £5m	Cabinet Member for Finance	Executive Director and Service Cabinet Member
£5m and above	Cabinet	Cabinet Member for Finance, Service Cabinet Member, Executive Director

STOCK WRITE OFF

(Rule 6.36 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Up to £10,000	Budget Holder	
Above £10,000 but not more than £25,000	Assistant Director	Budget Holder
Above £25,000 but not more than £50,000	Executive Director	Director
Above £50,000 but not more than £100,000	Section 151 Officer	Executive Director
Above £100,000 but not more than £500,000	Service Cabinet Member	Executive Director and Section 151 Officer
Above £500,000	Cabinet	Cabinet Member for Finance, Service Cabinet member, Section 151 Officer, Monitoring Officer and Commissioners

LOANS TO THIRD PARTIES

(Rule 6.45 of the Finance Procedure Rules)

Type of loan	Approval
Season Ticket and similar loans made to employees	To be made in accordance with the 'My Employment' guidance on the Council's Intranet.
Monies invested with banks and other financial institutions	To be undertaken in accordance with the Council's annual Treasury Management Strategy (see Rules 6.38 – 6.43).
Loans to third parties (including to subsidiaries of the Council) for the purpose of financing expenditure which, if incurred by the Council, would constitute capital expenditure	Such a loan constitutes capital expenditure by the Council (and the repayment constitutes a capital receipt) and so requires approval as part of the Council's Capital Programme (see Rules 2.40 – 2.45) and Treasury Management Strategy if funded from borrowing.
Loans to third parties (including to subsidiaries of the Council) for other purposes (e.g. to support cash flows)	Subject to the following approval: <ul style="list-style-type: none"> • Less than £0.5m - Section 151 Officer • Over £0.5m Cabinet (following consultation with Cabinet Member with responsibility for Finance, Section 151 Officer, Monitoring Officer and Commissioner)

DEBT WRITE OFF

(Rule 7.17 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Up to £10,000	Service Manager – Income and Assessments or Head of Finance and Transactional Services	
Above £10,000 but not more than £25,000	Assistant Director	Budget Holder and Service Manager – Income and Assessments or Head of Finance and Transactional Services
Above £25,000 but not more than £50,000	Executive Director	Director
Above £50,000 but not more than £100,000	Section 151 Officer	Executive Director
Above £100,000 but not more than £500,000	Service Cabinet Member	Executive Director and Section 151 Officer
Above £500,000	Cabinet	Cabinet Member for Finance, Service Cabinet member, Section 151 Officer, Monitoring Officer and Commissioners

ORDERS FOR WORK, GOODS AND SERVICES

(Rule 7.39 of the Finance Procedure Rules)

Threshold	Minimum approval required	Allocated cost centre
Above £500,000	Cabinet or Council Committee	Represents a key decision if not covered by approved Budget at the start of each financial year
Up to £500,000	Executive Director	In consultation with the Section 151 Officer or MO
Up to £150,000	Officer with delegated authority to act on an Executive Director's behalf	As determined by the relevant Executive Director

EX-GRATIA PAYMENTS

(Rule 7.72 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Up to £5,000	Budget Holder	
Above £5,000 but not more than £10,000	Assistant Director	Budget Holder
Above £10,000 but not more than £50,000	Executive Director	Director
£50,000 - £100,000	Section 151 Officer	Executive Director

Ex gratia payments should be limited to £100,000

EMERGENCY PAYMENTS

(Rule 7.78 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Up to £500,000	Executive Director	Executive Director to notify the Section 151 Officer as soon as practicable after the event that the emergency payment has been made
Above £500,000 but not more than £2m	Chief Executive or Section 151 Officer	Cabinet Member for Finance and Monitoring Officer
Above £2m	Cabinet Member for Finance	Chief Executive, Monitoring Officer and Section 151 Officer

Details of all emergency payments should be reported to Cabinet for information as soon as practicable.

DELEGATION OF BUDGET TO A PARTNERSHIP

(Rule 8.16 of the Finance Procedure Rules)

Threshold	Minimum approval level	Consultation
Less than £250,000	Assistant Director	
£250,000 and above but not more than £500,000	Executive Director	Assistant Director
£500,000 and above but not more than £0.5m	Section 151 Officer	Executive Director
Above £0.5m	Cabinet	Cabinet Member for Finance, Service Cabinet Member, Section 151 Officer, Monitoring Officer, and Commissioners

3. OTHER

CAPITAL EXPENDITURE – DE MINIMIS

(Rule 2.36 of the Finance Procedure Rules)

De minimis limit	Threshold
General (to be applied where no specific limit is applicable)	£10,000
Schools' capital projects funded or supported by Formula Capital Grant	£2,000
Transport (highways) infrastructure	All transactions charged to capital
Land	All transactions charged to capital

4. CONTRACT FORMALITIES

Contract value	Contract formalities	Signing authority
Up to £150,000		Officer with appropriate delegated authority
Above £150,000 and in effect for more than 1 year	Order must be authorised by an Executive Director	
Above £150,000	Must be a deed	Execution as a deed
Less than £1m	Must be a deed	A person authorised to issue an order for the contracts, or The Monitoring Officer or the Section 151 Officer or someone nominated by them
Above £1m	Contracts to be in writing and must be a deed. Can only be entered into following Cabinet approval	Executive Director or Chief Executive or under the Council's common seal

Part 4 – Indemnities for Members and Officers

1. Introduction

- 1.1 By the nature of their roles, councillors and officers of local authorities are potentially exposed to liability when acting on behalf of the authority. Statute provides certain protections for councillors and officers from personal liability and allows local authorities to indemnify councillors and officers in respect of liability and associated costs, in certain circumstances.
- 1.2 Local authorities are also permitted to take out insurance to protect the authority in the event that a councillor or an officer's actions or inactions give rise to a claim.

The Council indemnifies its Members and Officers on the terms set out in this Part 4. Terms of Indemnity

- 1.3 Subject to the exceptions set out below, the Council will indemnify each of its Members and Officers against any loss or damage suffered by the Member or Officer arising from their action or failure to act in their capacity as a Member or Officer of the Council. For the purposes of this indemnity, a "Member" includes an elected Member of the Council, a co-opted Member of a committee of the Council and the Independent Person.
- 1.4 This indemnity will not extend to loss or damage directly or indirectly caused by or arising from:
- (a) any criminal offence, fraud or other deliberate wrongdoing or recklessness on the part of the Member or Officer;
 - (b) any act or failure to act by the Member or Officer otherwise than in their capacity as a Member or Officer of the Council;
 - (c) any failure by a Member to comply with the Members' Code of Conduct.
- 1.5 Subject to the exceptions set out below, the Council will indemnify each of its Members and Officers against reasonable costs which they may incur in securing appropriate legal advice and representation in respect of any civil or Criminal Proceedings or Code of Conduct Proceedings to which they are subject in relation to their action or failure to act in their capacity as a Member or Officer of the Council. For the purposes of this section 1.5:
- (a) "Criminal Proceedings" includes any interview or investigation by the police, and/or any proceedings before a criminal court, in the United Kingdom.
 - (b) "Code of Conduct Proceedings" means any investigation or hearing in respect of an alleged failure to comply with the Members' Code of Conduct.
- 1.6 This indemnity will not extend to any advice or representation in respect of any claim or threatened claim in defamation to be brought by a Member or Officer, but will extend to the defence of a claim for defamation by a Member or Officer.
- 1.7 Where any Member or Officer avails themselves of this indemnity in respect of defending themselves against any Criminal Proceedings or Code of Conduct Proceedings and , in

respect of the matter in relation to which the Member or Officer has made use of this indemnity:

- (a) the Member or Officer is convicted of a criminal offence in consequence of such proceedings; or
- (b) a Case Tribunal or Standards and Audit Committee determine that the Member has failed to comply with the Members' Code of Conduct; and the conviction or determination is not overturned on appeal,

the Member or Officer shall reimburse any expenditure incurred by the Council under the indemnity.

1.8 Where the Council arranges insurance to cover its liability under this indemnity, the requirement to reimburse in section 1.7 shall apply as if references to the Council were references to the insurer.

1.9 For the purpose of these indemnities, loss or damage is deemed to have arisen to the Member or Officer in their capacity as a Member or Officer of the Council where:

- (a) the act or failure to act was outside the powers of the Council, or outside the powers of the Member or Officer, but the Member or Officer reasonably believed that the act or failure to act was within their powers or within the powers of the Council (as appropriate) at the time that they acted or failed to act, as the case may be;
- (b) the act, or failure to act, occurred not in the discharge of the functions of the Member or Officer as a Member or Officer of the Council but in their capacity as a member or employee of another organisation, where the Member or Officer was, at the time of the act or failure to act, a member or employee of that organisation either:
 - (i) in consequence of their appointment as such member or employee of that organisation by the Council, or
 - (ii) in consequence of their nomination for appointment as such member or officer of that organisation by the Council, or
 - (iii) as a result of the Council's specific approval of their appointment as such member or employee of that organisation for the purpose of these indemnities.

1.10 The Council undertakes not to sue (or join in action as co-defendant) an Officer in respect of any negligent act or failure to act by the Officer in their capacity as an Officer of the Council, subject to the following exceptions:

- (a) any criminal offence, fraud or other deliberate wrongdoing or recklessness on the part of the Officer; or
- (b) any act or failure to act by the Officer otherwise than in their capacity as an Officer of the Council.

- 1.11 These indemnities and undertakings will not apply if a Member or Officer, without the express permission of the Council or of the appropriate Officer of the Council, admits liability or negotiates or attempts to negotiate a settlement of any claim falling within the scope of the indemnity.
- 1.12 These indemnities and undertakings are without prejudice to the rights of the Council to take Disciplinary Action against an Officer in respect of any act or failure to act.
- 1.13 These indemnities and undertakings apply retrospectively to any act or failure to act which may have occurred before the date on which these indemnities come into force and shall continue to apply after the Member or Officer has ceased to be a Member or Officer of the Council as well as during their term as a Member of, or their employment by, the Council (as applicable).

Part 5 – Protocol for recording of Council, Cabinet, Committee and Sub-Committee meetings

1. Introduction

- 1.1 This protocol has been produced to assist the conduct of the recording of meetings and to ensure that, in doing so, the Council is compliant with its obligations under the Data Protection Legislation and the Human Rights Act 1998.
- 1.2 Accordingly, the following will apply to all meetings to be recorded by the Council.

2. Main provisions

- 2.1 Subject to any exclusion set out in this protocol, all Council, Cabinet, Committee and Sub-Committee meetings will be recorded for transmission and publication on the Council's website.
- 2.2 The Chair of the meeting may request that any part of a recording may not be published to the Council's website if, in their opinion, the recording would prejudice the proceedings of the meeting for any of the following reasons:
 - (i) public disturbance or other suspension of the meeting;
 - (ii) exclusion of public and press being proposed and agreed by the Council, the Cabinet, a Committee or Sub-Committee; or
 - (iii) any other reason proposed, seconded and supported by the Council, the Cabinet, a Committee or Sub-Committee and recorded in the Minutes of the meeting.

In such circumstances, Democratic Services will stop the recording as directed by the Chair and recorded in the minutes of the meeting. Any meeting, or part thereof, to which this section applies, shall not be published on the Council's website.

- 2.3 The proceedings of exempt or confidential agenda items may be recorded but shall not be published to the Council's website. Any such recordings will be held securely by Democratic Services. Recordings shall be edited so that non-exempt / non-confidential parts of such a meeting are made available to the public in the usual way.
- 2.4 Subject to paragraph 2.5 below, all recordings will be available on the Council's website for a minimum of 12 months from the date of the meeting.
- 2.5 Archived recordings, or parts thereof, shall only be removed from the Council's website if the Monitoring Officer considers that it is necessary because all or part of the content of the webcast is or is likely to be in breach of any statutory provision or common law doctrine, for example Data Protection Legislation or the Human Rights Act 1998 or provisions relating to confidential or exempt information.

If the Monitoring Officer has decided to take such action, they must notify all Members in writing of their decision and include the reasons for this as soon as possible. The Council

anticipates that the need to exercise the power set out above will occur only on an exceptional basis.

- 2.6 Any Member who is concerned about any recording that has been made, including any that has not already been published on the Council's website, should raise their concerns with the Monitoring Officer or, in their absence, the Deputy Monitoring Officer.
- 2.7 Any concerns raised by a Member or a member of the public in respect of an audio recording being taken at a particular meeting should be brought to the attention of the Chair or a member of Democratic Services in attendance at the meeting.

3. Agenda and Signage at Meetings

- 3.1 On each Agenda for a meeting, and on signs to be displayed inside and outside the Council Chamber and each of the committee rooms, there will be displayed the following notice:

Recording Notice

Please note that this meeting may be recorded for transmission and publication on the Council's website. At the start of the meeting the Chair will confirm if all or part of the meeting is to be recorded.

You should be aware that, for this purpose, the Council is a Data Controller under Data Protection legislation. Data collected during this recording will be retained in accordance with the Council's Information Management Policy.

Members of the public not wishing any speech or address they may make to be recorded for publication to the internet should contact Democratic Services to discuss their concerns.

The Council will not publish any part of a recording where members of the public have made it known that they do not wish to appear in any broadcast.

If you have any queries regarding this, please contact the Democratic Services Manager on 01375 652 082.

4. Meetings of the Planning Committee, Licensing Committee and other 'quasi-judicial' hearings

- 4.1 This section 4 applies to meetings of the Planning Committee, the Licensing Committee and any other quasi-judicial hearings conducted by the Council.
- 4.2 In any correspondence notifying applicants, licence holders, supporters or objectors, or anyone who has registered to speak at a meeting, of the meeting date on which a particular application will be heard, the following advice will be included if the meeting is to be recorded:

"Please note that meetings of Thurrock Council, its Cabinet, Committees and Sub-Committees may be recorded for subsequent broadcast via the Council's website.

"If you do not wish your speech to be recorded for publication to the internet, please contact Democratic Services to discuss your concerns.

"The Council will not publish any part of a recording where members of the public have made it known that they do not wish to appear in any broadcast."

5. Conduct of Meetings

- 5.1 At the start of each meeting to be recorded, an announcement will be made to the effect that the meeting is being recorded and that the Chair may also terminate or suspend the recording of the meeting, in accordance with this protocol.

This will be confirmed by the Chair making the following statement or one to like effect:

"I would like to remind everyone present that this meeting will be recorded for publication on the Council's website and will normally be available within 3 working days of the meeting."

6. Transcription

- 6.1 The Council will not provide transcripts of the recordings or any extracts from them. The minutes of the meeting are the official record of proceedings.