

ISLINGTON COUNCIL

FINANCIAL REGULATIONS

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1. INTRODUCTION

- 1.1. ~~Like all local authorities, the London Borough of Islington is required by law to conduct its business efficiently and to ensure that it has sound financial management policies in place that are strictly adhered to, as required by the Local Government Act 1972. Part of this process is the establishment of Financial Regulations that provide the framework for managing the Authority's financial affairs. The regulations apply to every Member and officer of the Authority and anyone acting on its behalf.~~ The London Borough of Islington, as a local authority, is legally obliged to conduct its business with efficiency and to ensure that it has robust financial management policies in place that are strictly complied with, in accordance with the Local Government Act 1972. An integral part of this process is the establishment of Financial Regulations that provide the framework for managing the council's financial affairs. The regulations are applicable to every Member and officer of the council and anyone acting on its behalf.
- 1.2. The regulations identify the financial responsibilities of ~~the~~ full Council; Executive; Scrutiny Members, the Head of Paid Service (-Chief Executive); Monitoring Officer; ~~Chief Finance~~Section 151 Officer (Chief Financial Officer); Corporate Directors and organisations acting on behalf of the Council~~Authority~~.
- 1.3. All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, is properly authorised, and provides value for money ~~and achieves best value~~.
- 1.4. ~~The Chief Finance Officer, or Section 151 Officer~~ is responsible for maintaining a continuous review of the Financial Regulations and for submitting any additions or changes to ~~the~~ full Council for approval. The ~~Chief Finance Section 151~~ Officer is also responsible for reporting, where appropriate, breaches of the Financial Regulations to full Council ~~and/or Executive Members~~.

- 1.5. Corporate Directors are responsible for ensuring that all staff in their ~~department~~ directorates are aware of the existence and content of the ~~Council~~ Authority's Financial Regulations and other internal regulatory documents and that they ~~comply with them.~~ are complied with.
- 1.6. It may be considered a disciplinary offence if any officer fails to comply with these Financial Regulations. Employees and Members have a duty to report apparent breaches of the Financial Regulations to a ~~n-appropriate~~ senior manager and the Head of Internal Audit, either of whom should report the breach to the Section 151 Officer ~~Chief Finance Officer~~ and the Monitoring Officer.
- 1.7. These finance regulations sit alongside, and are to be applied in conjunction with, other council rules and regulations including Recordable Decision and Key Decision thresholds and procurement regulations.

2. FINANCIAL MANAGEMENT

INTRODUCTION

- 2.1 Financial management covers all financial accountabilities in relation to the running of the council, including the policy framework and budget.
- 2.2 The Council's decision-making structure and a comprehensive listing of responsibilities of officers and committees is contained within the Constitution. Where officers have specific financial responsibilities these are set out in the remaining sections of part 2 to the Financial Regulations and the Scheme of Authorisation.

THE FULL COUNCIL

2.3 Full Council is responsible for:

- adopting the Council's Constitution (including the Financial Regulations) and Members' ~~e~~Code of ~~e~~Conduct;
- approving the policy framework and budget within which the Executive operates;
- approving the method of appointment of the organisation's External Auditors;
- approving procedures for recording and reporting decisions taken including those key decisions delegated by and decisions taken by the ~~c~~Council and its committees. These delegations and details of who has responsibility for which decisions are set out in Part 4 and Appendix 3 of the CConstitution;
- approving the setting and revision of the prudential indicators as defined under the CIPFA¹ Prudential Code;
- approving any other strategy or policy as specifically required by an Act or regulation.

¹ Chartered Institute of Public Finance and Accountancy
Part 6 – Financial Regulations
~~September~~ December 2024³

THE EXECUTIVE

~~2.3~~2.4 The Executive is responsible for:

- proposing the policy framework and budget to full Council;
- discharging Executive functions in accordance with the policy framework and budget;
- proposing the setting and revision of the prudential indicators, as defined under the CIPFA Prudential Code, to full Council;
- reviewing the budget at regular intervals ~~from time to time~~ during the year and taking any such action as is deemed necessary, in accordance with the Constitution;
- co-ordinating and controlling all the cCouncil's financial planning arrangements including forward plans, the capital plans and the annual budget process, including business or service plans.

COMMITTEES OF THE COUNCIL WITH SPECIFIC FINANCIAL RESPONSIBILITIES

AUDIT AND RISK COMMITTEE

2.5 The Audit and Risk Committee is a key component of the Council's governance framework. Its purpose is to provide an independent focus on the adequacy of governance, risk and internal control arrangements. ~~the body responsible for governance, other than Member conduct issues which are the responsibility of the Standards Committee.~~ It has right of access to all the information it considers necessary and can consult directly with internal and external auditors. The Audit and Risk Committee's ~~is~~ responsibilities include:

- reviewing the external auditor's reports and annual audit letter;
- approving internal audit's annual Audit Plan and reviewing its reports;
- approving the annual statement of accounts in line with the statutory timetable;
- approving the council's Annual Governance Statement; and
- considering the council's arrangements for risk management.

CORPORATE RESOURCES AND ECONOMY -SCRUTINY COMMITTEE

2.6 The Corporate Resources and Economy Scrutiny Committee is the council's main scrutiny committee. It coordinates the work of the council's four scrutiny review committees and plays an important role in reviewing decisions made by the Executive. If five or more councillors request such a review, the committee can call in a decision made by the Executive before it is implemented and consider if the decision should be recommended back to the Executive for further consideration. If the Corporate Resources and Economy Scrutiny Committee considers that the Executive's decision does not follow the council's policy or budgetary framework, it can refer the decision to a meeting of full Council.

2.7 The Corporate Resources and Economy Scrutiny Committee reviews and recommends to the Executive the council's annual budget, and receives budget monitoring reports throughout the year.

~~DIRECTOR OF LAW AND GOVERNANCE (ALSO THE MONITORING OFFICER)~~

2.62.8 The ~~Director of Law and Governance's~~ Monitoring Officer's financial responsibilities are:

- ~~— ensuring that procedures for recording and reporting key financial decisions are operating effectively;~~
- ~~• ensuring compliance by officers and Members with the Constitution and Financial Regulations, and reporting any breaches of these to full council;~~
- ensuring that council Members are aware of financial decisions made by the Executive and of those made by officers who have delegated Executive responsibility;
- maintaining an up-to-date Constitution;
- advising all councillors and officers about who has authority to take a particular financial decision;
- advising the Executive or full Council about whether a decision is likely to be considered contrary to the policy framework;
- advising (together with the ~~Chief Finance Officer~~ S151 Officer) the Executive or full Council whether a financial decision is likely to be considered contrary to or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include but are not limited to:
 - committing to expenditure in future years that exceeds budgeted amounts in the Council's medium term financial strategy;
 - incurring expenditure for a purpose other than that which the current budget was intended;
 - implementing inter-department/directorate at budget transfers that exceed virement limits.
- Advising on procedures for recording and reporting key financial decisions and their effective operation;

~~CHIEF FINANCE OFFICER AND SECTION 151 OFFICER (CHIEF FINANCE OFFICER)~~

~~(Corporate Director of Resources)~~ DIRECTOR OF FINANCE AND PROPERTY

2.72.9 — The ~~Chief Finance Officer~~ Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the Council Authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972;
- The Local Government Finance Act 1988;

- The Local Government and Housing Act 1989;
- The Accounts and Audit Regulations 2015;
- The Local Government Act 2003.

2.82.10 The ~~Chief Finance Officer~~ Section 151 Officer is responsible for:

- the proper administration of the Council ~~Authority~~'s financial affairs;
- setting and monitoring compliance with financial management standards;
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- advising on the robustness of the budget and the adequacy of the Council ~~authority~~'s reserves;
- providing financial information;
- preparing the revenue budget and capital programme;
- treasury management;
- selecting appropriate accounting policies and ensuring that they are applied consistently;

2.11 Section 114 of the Local Government Finance Act 1988 requires the S151 ~~Chief Finance~~ Officer to report to the full Council, Executive and external auditor, if the Council ~~Authority~~ or one of its officers:

- has made, or is about to make, a decision that involves incurring unlawful expenditure;
- has taken, or is about to take, an unlawful action that has resulted or would result in a loss or deficiency to the Council ~~Authority~~;
- is about to make an unlawful entry in the Council ~~Authority~~'s accounts.

2.12 Section 114 of the Local Government Finance Act 1988 ~~Act~~ also requires the S151 Officer to:

- report to Council if it appears that the expenditure of the council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure;
- ~~the Chief Finance Officer to~~ nominate a properly qualified member of staff to deputise should they be unable to perform the duties under section 114 personally ~~and that person is the Chief Accountant;~~
- ~~the Authority to~~ provide ~~the Chief Finance Officer with~~ sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

2.13 ~~Section 25 of T~~ the Local Government Act 2003 ~~Act~~ requires:

- requires the Council ~~Authority~~ to take into account the ~~Chief Finance~~ S151 Officer's report on the robustness of the budget and the adequacy of the Council ~~Authority~~'s reserves in deciding on its annual budget and Council Tax level;
- requires the Council ~~Authority~~ to monitor its budgets during the year and consider what action to take if a deterioration in the financial position is identified;

- provides for rapid remedial action if the Council~~Authority~~ faces serious financial difficulties and the S151~~Chief Finance~~ Officer has made a formal report to that effect.

2.14 The S151 Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and CIPFA Service Reporting Code of Practice For Local Authorities (SeRCOP).

2.15 Under the Accounts and Audit Regulations 2015, the S151 Officer is required to:

- sign the statement of accounts confirming they are satisfied that it presents a true and fair view of the council's financial position at the end of the financial year to which it relates, and the council's income and expenditure for that financial year;
- commence and publicise the period for the exercise of public rights, during which any interested person or journalist can exercise their statutory right to inspect the accounts.

CORPORATE DIRECTORS

~~2.14~~2.16 Corporate Directors are responsible for:

- ensuring that all staff in their directorates are aware of the existence and content of the council's Financial Regulations and other internal regulatory documents and that they are complied with;
- ensuring that they operate within all approved budgetary limits;
- ensuring that financial implications are provided for all proposed decisions and that the S151 ~~Chief Finance~~ Officer, or deputy as appropriate has ~~agreed~~ approved the financial implications;
- signing contracts on behalf of the Council~~Authority~~ up to the limits described in the Procurement Rules and approved budgetary limits;
- ensuring relevant records are maintained and retained;
- ensuring that approved fees & charges for services are levied;
- ensuring debts they raise are received;
- ensuring that the decisions they take provide value for money and are in the interests of residents;
- be responsible for all items of income and expenditure within the service areas for which they are responsible;
- ensuring that contracts they are responsible for are properly managed and any remedies for under performance are actively pursued;
- making prompt payments under contracts they manage;
- ensuring that all staff comply with financial regulations and any other financial instructions the S151 Officer may issue.

~~2.15~~2.17 It is the responsibility of Corporate Directors to consult with the ~~Chief Finance Officer~~ Section 151 Officer and seek approval on any matter liable to materially affect the Council~~Authority~~'s finances, before any commitments are incurred.

OTHER FINANCIAL ACCOUNTABILITIES

SPENDING POWERS

~~2.16~~2.18 Decision-making procedures are set out in Part 4 of the Constitution. No decision-making body within the Council shall incur revenue or capital expenditure for which the Council does not have statutory powers or in respect of which that decision making body does not have delegated authority. All reports submitted to the Executive which propose expenditure shall be referred to the ~~Director of Law and Governance~~ Monitoring Officer who shall be satisfied that the Council has the statutory powers under which the expenditure will be incurred.

COMMITMENTS INTO FUTURE YEARS

~~2.17~~2.19 All decisions to incur expenditure, whether for capital or revenue purposes, must take account of the impact of that expenditure in current and future financial years.

~~2.18~~2.20 The council's decision-making bodies must be informed of the implications for future years of any spending decisions being made.

~~2.19~~2.21 Where decisions will lead to levels of expenditure in future years that exceed budgeted amounts in the Council's medium term financial strategy (MTFS), the source of funding in future years must be identified prior to the decision being made.

2.22 In respect to revenue expenditure, where a source of funding has not been identified, ~~P~~proposals to enter spending commitments which will lead to growth in future years, may, ~~if the source of funding has not been identified,~~ only be taken by the Executive. Where the ~~Director of Law and Governance~~ Monitoring Officer and/or ~~S151~~ Chief Finance Officer considers that such spending would be contrary to or not wholly in accordance with the Budget and MTFS, such a decision may only be taken by full Council.

JOURNALS

2.23 Journals must comply with accounting principles set out in the CIPFA Accounting Code of Practice. To accrue via an accrual journal is an accounting principle whereby income and expenditure is recognised as it is earned or spent rather than when money is received or paid. This concept is reflected in the accounts by the inclusion of debtors and creditors. An accrual is a type of journal.

2.24 The council's journal protocol covers the use of journals and journal authorisation levels for financial monitoring, control and audit purposes. The journal protocol is updated on a regular basis and must be adhered to by all parties.

3 REVENUE EXPENDITURE

REVENUE BUDGET SETTING

3.1 The council must set an annual balanced revenue budget, in which its forecast expenditure must align with its forecast income. Income may include transfers from the council's reserves, but this must be specified in the calculations. The council cannot borrow money to cover its annual revenue expenditure.

~~3. 3.2 The Chief Finance Officer, reporting to the Corporate Director of Resources is responsible for the co-ordination of budget preparation, including the issue of budget preparation guidance and standardisation of the basis for the presentation of budgets.~~

~~4.~~

3.2 Each year, the Executive shall at an appropriate time in each municipal year review and agree the budget setting process and timetable for the budget process relating to the following year.

3.3 The S151 Officer is responsible for:

- co-ordinating the budget preparation;
- issuing budget preparation guidance;
- ensuring a consistent treatment and presentation of items in the budget;
- preparing a proposed annual budget report for the Executive;
- support to opposition group(s) to prepare alternative budgets or amendments.

3.4 Corporate Directors in consultation with the S151 Officer, are responsible for preparing annual revenue account estimates to inform the budget. These must reflect all agreed service plans and known resource requirements.

~~5. 3.3 Annual revenue account estimates shall be prepared by Corporate Directors in consultation with the Chief Finance Officer and be submitted to the Executive in accordance with the procedures and timetable agreed under paragraph 3.2 above.~~

~~6.~~

6.4.3.5 The annual budget setting report is presented to the Executive by the Executive Member for Finance and Performance, and sets out the requirements under the Local Government Finance Act 1992 in regard to the setting of the budget requirements and the council tax. The Chief Finance Officer shall present an annual net budget report to the Executive in order to inform its proposals in relation to the Council's budget requirement and council tax for the following financial year. The report shall set out the requirements under the Local Government Finance Act 1992 in regard to the setting of the budget requirements and the council tax and shall be presented at such time as to allow the Executive time in which to draw up proposals for the budget in accordance with the timescales laid down in Budget and Policy Framework Rules set out in Part 4 of this Constitution and any legal requirements as to the latest date upon which a council is entitled to set its budget. The report shall include a Medium Term Financial Strategy for the Council, which as a minimum, complies with the essential elements of the CIPFA Financial Management Code. in accordance with the Prudential Guidelines on Local Authority Commitments issued by the Audit Commission.

3.6 The Executive will, on consideration of the annual budget setting report from the Executive Member for Finance, make recommendations to full Council regarding the budget and council tax requirement.

6.2.3.7 Full Council, having considered the recommendations of the Executive shall set the council tax and budget for the following financial year before the 11th of March. When the Council is making the statutory calculations required to determine its council tax then in accordance with section 25 of the Local Government Act 2003, the Chief

Finance Officer must report to full Council must take into account the s151 Officer's report on the following matters when making the statutory calculations required to determine its council tax:

- the robustness of the proposed budget;
- the adequacy of the Council's reserves for which the budget provides.

Full Council, must also consider the responses of business rates payers in the borough to a budget consultation, required under Section 65 of the Local Government Finance Act 1992, prior to making the statutory calculations.

~~The Council must take the Chief Finance Officer's report into account when making the calculations.~~

~~3.6 — The Executive shall submit the estimates of the amounts to be aggregated in making the budget and council tax calculations required by the Local Government Finance Act 1992 to the Council before 11 March in any financial year. The Council shall then set the overall budget for the following financial year including the approved budget for each department.~~

~~REVENUE BUDGET MONITORING AND CONTROL~~

~~3.7 — Each Corporate Director, Service Director and Head of Service shall be responsible for monitoring and controlling his/her budget to ensure expenditure is contained within his/her net budget as set by Council.~~

~~3.8 — The key controls for managing and controlling the revenue budget are:~~

- ~~budget managers should be responsible only for income and expenditure that they can influence;~~
- ~~there shall be a nominated budget manager for each cost centre heading;~~
- ~~budget managers shall accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;~~
- ~~budget managers shall follow an approved certification process for all expenditure;~~
- ~~income and expenditure must be properly recorded and accounted for;~~
- ~~performance and service levels shall be monitored in conjunction with the budget and necessary action will be taken to align service outputs and budget;~~
- ~~in order to assist them in carrying out their responsibilities and to help ensure sound financial governance, Executive Members shall regularly meet to discuss budget monitoring reports relevant to their portfolio areas with Corporate Directors.~~

~~3.9 — The Executive shall receive regular reports setting out in respect of each department, the projected income and expenditure for the relevant financial year and variances, if any, from the agreed departmental budgets. Such reports must include details of action being taken to contain projected net overspends within agreed budgets, the Chief Finance Officer shall report to the Executive on the same basis the overall financial position of the Council and shall recommend any action required to ensure the Council's expenditure does not exceed its resources. The Executive shall receive a report setting out all corporate risks and informing Executive Members of progress in risk management.~~

~~3.10— If any department is showing a projected overspend, then provided the Executive is satisfied that appropriate steps are being taken to contain or reduce such an overspend, the Executive shall have the authority to authorise such an overspend provided that it will not, at the end of the financial year, lead to the Council's overall approved revenue budget being exceeded. If the projected overspend exceeds the overall approved budget then full Council approval is required for any use of General Fund balances outside of movements agreed in the approved budget.~~

CHANGES TO THE REVENUE BUDGET VIREMENTS

~~6.3.3.8~~ Variations to the budget approved by full Council, subject to the ~~ref~~ iref being no increase in the Council Authority's net budget requirement, will be permissible in the circumstances set out in paragraphs 3.11~~9~~12 to 3.19~~2~~22 below.

3.9 The following technical adjustments to budgets on the financial system will not be considered a variation to the revenue budget (i.e. not a budget virement) and can be actioned by officers in accordance with internal process:

- ~~• Where an adjustment is to, or from a budget intended for allocation during the year, its allocation will not be treated as a virement, provided that the amount is used in accordance with the purpose for which it was established. The cost centre allocation of budgets intended for allocation during the year, provided that used in accordance with the purpose for which the budget was established.~~
- Adjustments related to the compliance with local authority accounting codes of practice (e.g. internal recharges, depreciation, IAS 19 pensions adjustments etc.).
- Adjustments -reflecting a previously approved decision (e.g. transfer of a function between directorates).

Additional Third Party Funding

3.10 The creation of budgets following the receipt of any third party funding not anticipated in the budget report, such as specific grant funding that does not increase the Council's approved net budget must be approved by the relevant Corporate Director and the S151 Officer~~Chief Finance Officer~~. These budget changes will be reported to the Executive.

Technical Adjustments

~~3.114 The Chief Finance Officer is authorised to adjust budgets where such changes are required under local authority accounting codes of practice (e.g. internal recharges for support services, capital charges, IAS 19 adjustments etc.) or where the budget adjustment reflects a previously approved decision (e.g. transfer from reserves. Such adjustments shall be included in the budget monitoring reports submitted to the Executive under paragraph 3.9 above.~~

3.11 The

Intra-~~Department~~Directorate Virements

3.12 All transfers within a ~~department~~directorate that fall into any of the following categories are classified as intra ~~department~~directorate virements:

- ~~a) —~~ Budget transfers within a cost centre that transfer expenditure budgets between employees' pay and non-pay headings.;

- ~~b)~~ — All transfers between service divisions within a ~~department~~directorate.

3.13 Subject to the restrictions and definitions above, the responsibility for approving intra ~~department~~directorate virements is ~~as follows:~~ -

- Corporate Directors are allowed to approve virements less than £250,000 within or between individual service divisions within their ~~department~~directorates. The ~~Chief Finance~~ S151 Officer should also be notified of any such virements when approved by the relevant Corporate Director.
- For sums of £250,000 to £500,000, Corporate Directors should seek additional approval from the ~~Chief Finance~~ S151 Officer. All virements exceeding £500,000 must additionally be referred to the Executive for final approval before the budget is transferred in-to the new area.

3.14 All intra-~~department~~directorate virements exceeding £250,000 will be reported by the S151-~~Chief Finance~~ Officer to the Executive ~~within three months of being actioned~~in the first budget monitoring report after being actioned.

Inter-~~Department~~Directorateal Virements

3.15 An inter-~~department~~directorateal virement is a budget transfer from one ~~department~~directorate to another. All such virements must be approved by the relevant Corporate Directors and ~~Chief Finance~~ S151 Officer.

3.16 Virements with a value exceeding £500,000 must also be approved by the Executive before the virement is processed.

3.17 All inter-~~department~~directorateal virements exceeding £250,000 will be reported by the S151-~~Chief Finance~~ Officer to the Executive in the first budget monitoring report after being actioned~~within three months of being actioned~~.

3.18 Increased expenditure budgets arising in the following categories shall be deemed not to be a virement nor will budget movements in these areas require the agreement of the Council or the Executive provided that they are within the council's net budget.

- Salaries, wages and pensions increases arising from nationally negotiated decisions and variations in contributions under the National Insurance and Superannuation Acts;
- Interest rate movements or other similar financing factors;
- Payments made as a result of any court order (other than an order made by consent);
- Budget amendments made during the course of the year for capital charges, support services and other instances that have no overall net budget impact on the Council's revenue or capital accounts, as appropriate.

Contingency Allocations

- 3.19 The council's revenue contingency budgets will be held corporately until ~~The allocation of the Council's revenue contingency budgets shall must be~~ recommended by the S151 Officer with agreement from ~~in conjunction with~~ the Executive Member for Finance to the Executive to be allocated. ~~They who shall~~ have the authority to agree such allocations up to the value of the available contingency budget.

REVENUE BUDGET MONITORING AND CONTROL

- 3.20 Each Corporate Director shall be responsible for monitoring and controlling their budget to ensure expenditure is contained within their net budget as set by Council.

- 3.21 The key controls for managing and controlling the revenue budget are:

- budget managers should be responsible only for income and expenditure that they can influence (for the avoidance of doubt, this includes costs in pursuit of other statutory responsibilities but excludes charges which are statutorily imposed such as levies and capital charges);
- there shall be a nominated budget manager for each budget area;
- budget managers shall accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;
- Corporate Directors must ensure that budget managers possess the necessary skills and experience to undertake their duties;
- budget managers shall follow an approved certification process for all expenditure;
- income and expenditure must be properly recorded and accounted for;
- income due to the service should be actively pursued;
- staffing establishment should be maintained within budgetary limits;
- expenditure should not be incurred or committed where there is no corresponding budget;
- performance and service levels shall be monitored in conjunction with the budget and necessary action will be taken to align service outputs and budget;
- failure to adequately manage a budget for which the individual is responsible should be considered against the councils code of conduct;
- in order to assist them in carrying out their responsibilities and to help ensure sound financial governance, Executive Members shall regularly meet to discuss budget monitoring reports relevant to their portfolio areas with Corporate Directors.

- 3.22 The Executive shall receive regular reports setting out in respect of each directorate, the projected income and expenditure for the relevant financial year and variances, if any, from the agreed directorate budgets. Such reports must include details of action being taken to contain projected net overspends within agreed budgets, the S151 Officer shall report to the Executive on the same basis the overall financial position of the council and shall recommend any action required to ensure the council's expenditure does not exceed its resources. The Executive shall receive a report setting out all corporate risks and informing Executive Members of progress in risk management.

3.23 If any directorate is showing a projected overspend, then provided the Executive is satisfied that appropriate steps are being taken to contain or reduce such an overspend, the Executive shall have the authority to authorise such an overspend provided that it will not, at the end of the financial year, lead to the council's overall approved revenue budget being exceeded. If the projected overspend exceeds the overall approved budget then full Council approval is required for any use of General Fund balances outside of movements agreed in the approved budget.

TREATMENT OF YEAR-END BALANCES

~~3.203.24~~ At the year end, budget holders will not have the authority to carry forward unspent budgets to the following year unless there are exceptional circumstances, which would require the approval of the Executive. ~~The Executive is responsible for agreeing specific sums to be carried forward provided that carrying forward these sums does not lead to the approved overall budget being exceeded at the end of the financial year in which they accrued. The Chief Finance Officer is responsible for agreeing the release of these specific sums in subsequent years and reporting those movements to the Executive.~~

EARMARKED RESERVES

~~3.213.25~~ The S151 ~~Chief Finance~~ Officer may, on consideration of the overall financial position of the Council, recommend to the Executive the creation of an earmarked reserve. The S151 ~~Chief Finance~~ Officer is responsible for agreeing any technical adjustments to the reserves required by accounting codes of practice, and for agreeing any other ~~adjustments-transfers~~ to and from reserves that do not exceed £500,000. Any other movements to and from such a reserve that exceed £500,000 shall be approved by the Executive.

DEBT WRITE-OFFS

~~3.223.26~~ All debt write-offs must be in accordance with this section:

- The appropriate Corporate Director has authority to write-off individual debts (or aggregate debts for one customer) of up to £20,000 ~~per individual case~~;
- The appropriate Head of Service or Service Director is able to write off individual debts (or aggregate debts for one customer) of up to £10,000 ~~per individual case~~, if authorised in accordance with Appendix 3 of the Constitution;
- Service Managers in the Resources ~~department~~ directorate are able to write off individual debts (or aggregate debts for one customer) of up to ~~£10,000~~ £1,000 ~~per individual case and Service Directors in the Resources department are able to write off individual debts (or aggregate debts for one customer) of up to £50,000 per individual case, if authorised in accordance with Appendix 3 of the Constitution;~~

- The ~~Chief Finance Officer~~S151 Officer ~~in consultation with the Corporate Director of Resources~~ is able to write-off individual debts (or aggregate debts for one customer) less than £200,000 up to £199,999.
- Executive authority is required in order to write off individual debts (or aggregate debts for one customer) of £200,000 or more.
- The reason for the write-off must be documented. All ~~w~~Write-offs will be reported to the Executive and Audit and Risk Committee on an an annual basis.

FEEES AND CHARGES AND OTHER INCOME

~~3.23~~3.27 The ~~S151 Chief Finance~~ Officer in consultation with Corporate Directors shall maintain adequate arrangements to ensure:-

- the proper recording of all sums due to the Council; and
- the prompt and proper accounting of all cash, including its collection, custody, control and deposit.

~~3.24~~3.28 Every sum received by a cashier or officer of the Council shall be immediately acknowledged by the issue of an official receipt.

3.29 In preparing the budget for the year ahead, the assumption will be made in the Medium Term Financial Strategy that all discretionary fees and charges will increase in line with the Council's policy on fees and charges, as set out each year in the revenue budget report.

~~3.25~~3.30 Fee Increases in line with the council's inflationary estimates are the responsibility of the relevant Corporate Director to approve. Increases over this level shall be approved by the Executive.

~~ACCOUNTING POLICIES~~

~~3.29~~ ~~The Chief Finance Officer is responsible for selecting appropriate accounting policies and ensuring that they are applied consistently.~~

~~THE ANNUAL STATEMENT OF ACCOUNTS~~

~~3.30~~ ~~The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) (the SORP) and CIPFA Best Value Accounting Code of Practice (BVACOP). The Audit Committee is responsible for approving the annual statement of accounts in accordance with the statutory timetable as set out in the Accounts and Audit Regulations 2015.~~

TAXATION

~~3.26~~3.31 The ~~Chief Finance~~S151 Officer is responsible for advising Corporate Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council~~Authority~~. Corporate Directors are

responsible for raising any potential taxation implications arising in their service areas with the S151 Officer.

~~3.273.32~~ The ~~Chief Finance~~ S151 Officer is responsible for maintaining the ~~Council~~ Authority's tax records (including Value Added Tax (VAT)), making all tax payments, recovering tax credits and submitting tax returns by their due date as appropriate.

~~4. CAPITAL EXPENDITURE~~

~~DEFINITIONS~~

~~Capital Allowance: the total of the Council's past and planned expenditure on Affordable Housing and Regeneration schemes which the Council has resolved should constitute the Council's Capital and Social Homebuy Allowances pursuant to Local Authorities (Capital Finance and Accounting) England) Regulations 2003 (as amended).~~

~~Capital Programme: the programme of Capital Schemes to be carried out during the life of the Council's Medium Term Financial Strategy ("MTFS").~~

~~Capital Scheme: an individual project or series of linked projects.~~

~~Capital Contingency: a sum set aside at the beginning of each financial year to cater for unforeseen requirements.~~

~~Corporate Capital Resources: all capital resources that the Council has discretion over spending: namely, capital receipts, any unsupported borrowing that the Council decides to undertake and any (non HRA) revenue contribution the Council wishes to make to capital investment.~~

~~Departmental Allocation: the total value of the schemes contained in the Capital Programme which fall within the responsibility of any particular department.~~

~~Reserve List: a list of those capital schemes identified by the Council as being schemes which may be implemented in lieu of the Capital Schemes within the Capital Programme.~~

~~Slippage: the process of recognising delays in expenditure on Capital Projects and re-profiling of budgets and resources to later years to reflect changes to the anticipated expenditure on Capital Schemes in each year.~~

~~CAPITAL BUDGET SETTING~~

~~4.1 The Chief Finance Officer is responsible for the co-ordination of budget preparation, including the issue of budget guidance and standardisation of the basis for presentation of budgets.~~

~~The Executive will, on consideration of the annual budget making report from the Executive Member for Finance, make recommendations to the Council regarding the Capital Programme. The Executive may also recommend the Reserve List.~~

~~4.3 The report from the Executive Member for Finance will consider the total capital resources available to Council, including any proposed prudential borrowing, the revenue~~

~~implications of the proposed capital expenditure and the Capital Allowance over the life of the capital Medium Term Financial Strategy.~~

~~4.4—The Council, having considered the recommendations of the Executive shall determine the overall level of the Capital Budget, the Capital Programme, the Reserve List and the Capital Allowance.~~

~~SPENDING ON CAPITAL SCHEMES~~

~~4.65—No expenditure or commitment on a capital sScheme or project shall take place unless:-~~

~~that scheme was included in the approved Capital Programme or Reserve List; or~~

~~it has been approved by the Executive in accordance with 4.24 (or Chief Executive (in consultation with the Chief Finance Officer) in circumstances where in her/his view to delay any decision would seriously prejudice the Council's or the public interest and it is not practicable to convene a quorate meeting of the Executive); or~~

~~Approval has been given by the relevant Corporate Director in accordance with 4.6 and 4.26 below; and~~

~~the appropriate procedures for the inviting and acceptance of tenders have been followed, as set out in the Council's Procurement Rules.~~

~~4.6—There shall be delegated to the Chief Finance Officer, the authority to incur expenditure up to and including £150,000 in any one case and subject to the resources being available, on the following areas:~~

~~Financial assistance to housing associations;~~

~~Advances under the Council's house purchase scheme, subject to such limits as the Council may impose from time to time;~~

~~Acquisitions of interest in land, provided that where the land in question is within an area which is the subject of a resolution by the Executive for compulsory purchase under any enactment, the Chief Finance Officer shall have authority to authorise the acquisition of such interest whether by agreement or under compulsory purchase powers without financial limit, but subject to all necessary consents and approval;~~

~~An overspend on a Capital Scheme that cannot be covered within the existing Capital Programme, where the total approved over spend on one or more schemes in any one financial year does not increase the overall budget for the Capital Programme by more than 0.1%.~~

~~4.78—The Executive may change the capital programme to reflect alterations in overall resource assumptions, or unforeseen spending requirements, or in light of the monitoring reports referred to above, provided that such changes do not lead to a change in the Capital Programme by more than £1,000,000, subject to the resources being available.~~

~~4.89—For clarity, the acquisition of land or buildings is considered capital expenditure and will be subject to the Financial Regulations governing Capital Expenditure.~~

CHANGES TO CAPITAL BUDGETS

~~4.9 — Where the nature and content of a Capital Programme commitment agreed by Council in the Budget report is materially varied, the procedures for approving capital virements shall apply even if the financial commitments remain within agreed expenditure limits. What constitutes materially varied shall be decided by the monitoring officer.~~

SLIPPAGE

~~4.10 — The Chief Finance Officer shall, provided he is satisfied as to the underlying circumstances, be entitled to approve slippage up to £1,000,000 for each Capital Scheme in the following circumstances:~~

~~delays as a result of planning procedures / conditions / objections;
failure to procure required contractors;
loss of key personnel on a capital scheme;
dependency on other overrunning projects;
delays as a result of external factors over which the Council cannot be reasonably considered to have any control;
changes to the cash flow of a Capital Scheme that does not alter the operational delivery of the project.~~

~~4.11 — In all other circumstances, slippage requests must be approved by the Executive.~~

~~4.12 — Following any slippage approved by the Chief Finance Officer, the resultant Capital Programme must be reported to the Executive.~~

OVERSPENDS

~~4.13 — In calculating expenditure for the purposes of assessing whether or not a scheme is within the approved budget for that scheme, related costs by way of fees and professional charges and all other incidental costs shall be included. This should be considered across the total cost of the scheme and not restricted to any one year.~~

~~4.14 — Where monitoring reports indicate that the level of spending on one or more Capital Schemes in the current year will exceed the level of provision for those schemes, then the responsible Corporate Director shall develop an action plan to contain or reduce such overspend, including, where appropriate, seeking virement approval.~~

~~4.15 — Where the total cost of a scheme or project appears likely to exceed the sum allocated to that scheme, the responsible Corporate Director may authorise such overspend up to £75,000 provided that the overspend does not lead to the total capital expenditure in that Department to exceed the relevant Departmental Allocation for the year.~~

~~4.16 — Any such authorisation must be reported to the Chief Finance Officer.~~

~~4.17 — Any such authorisation that exceeds £75,000 or cannot be contained within the relevant Departmental Allocation must be reported to the Chief Finance Officer who may authorise the overspend to be contained in the Capital Programme where appropriate. Where the overspend cannot be contained within the Capital Programme, the Chief Finance Officer may authorise an over spend as long as the total approved over-spends in any one financial year does not increase the overall budget for the Capital Programme by more than 0.1% and subject to the resources being available.~~

~~4.18— Any such authorisation that increases the overall budget for the Capital Programme by more than 0.1% must be approved by the Executive. In addition, overspends which exceed 10% of the sum allocated to a Capital Scheme must be approved by the Executive.~~

~~4.19— The Executive may vary the capital programme if necessary to contain such an overspend. Council approval is required for overspends that increase the Capital Programme by more than £1,000,000, subject to the resources being available.~~

~~UNDERSPENDS~~

~~4.20— In calculating expenditure for the purposes of assessing whether or not a scheme is within the approved budget for that scheme, related costs by way of fees and professional charges and all other incidental costs shall be included.~~

~~4.21— Where monitoring reports indicate that the level of spending on one or more schemes in the current year will be below the amount allocated to a department, the responsible Corporate Director may agree the inclusion of additional schemes within the current year's programme. The inclusion of these additional schemes is on the basis that:~~

~~the additional schemes have been approved as part of the Capital Programme or Reserve List;~~

~~the capital virement rules have been complied with;~~

~~the Chief Finance Officer is satisfied that there are sufficient capital resources available to fund the existing Capital Programme.~~

~~— CAPITAL VIREMENTS AND TECHNICAL ADJUSTMENTS~~

~~4.22— The following limits shall apply to capital virements:~~

~~— Corporate Director(s) are allowed to approve virements of up to £500,000 between Capital Schemes;~~

~~— For sums above £500,000 approval should be sought from the Chief Finance Officer;~~

~~— All sums greater than £1,000,000 must be approved by the Executive or the Council if the virement alters Departmental Allocations.~~

~~4.23— All capital virements and technical adjustments must be reported to the Chief Finance Officer.~~

~~OTHER CHANGES TO THE CAPITAL BUDGET~~

~~4.24— Subject to the resources being available, the Executive may change the capital programme to reflect alterations in overall resource assumptions, or unforeseen spending requirements, or in light of the monitoring reports referred to above, provided that such changes do not lead to a change in the Capital Programme of more than £1,000,000.~~

~~4.25— The allocation of the Council's Capital Contingency shall be recommended to the Executive who shall have the authority to agree such allocations.~~

~~4.26 The allocation of monies paid or payable to the council under the Community Infrastructure Levy Regulations 2010 or pursuant to agreements entered into under section 106 of the Town and Country Planning Act 1990 shall be recommended to the Executive where the particular allocation to a project of monies paid under a particular agreement or a number of separate agreements or from CIL contributions exceeds £1m but shall otherwise be recommended to and agreed by the Corporate Director for Environment and Regeneration in consultation with the Chief Finance Officer. The recommendations to both the Executive and the Corporate Director for Environment and Regeneration will be approved by the Borough Investment Panel, within the guidelines established in its Terms of Reference.~~

~~4.27 Any changes to capital funding (for example an earmarked, departmental capital grant) that do not result in an increase in available Corporate Capital Resources may be approved by the relevant Corporate Director and reported to the Chief Finance Officer. Additionally, any changes greater than £500,000 must be approved by the Chief Finance Officer.~~

~~CAPITAL BUDGET MONITORING CONTROL AND REPORTING~~

~~4.28 Corporate Directors are responsible for monitoring progress on all Capital Schemes within their departments or divisions and for reporting to the Chief Finance Officer on the delivery of the capital programme and any predicted overspend that exceeds 10% of the budget for an individual scheme or 5% of a Departmental Allocation.~~

~~4.29 The Executive shall receive regular reports setting out in respect of each department the projected capital expenditure for the relevant financial year and variances, if any, from the agreed Departmental Allocations.~~

4. CAPITAL EXPENDITURE

CAPITAL BUDGET SETTING

4.1. The council will annually undertake a capital budget setting process to update the multi-year capital programme for planned capital income and expenditure. Each year, the Executive shall review and agree the budget setting process and timetable.

4.2. The Chief Finance Officer (S151 officer) is responsible for:

- co-ordinating the budget preparation,
- issuing budget preparation guidance;
- ensuring a consistent treatment and presentation of items in the budget;
- preparing a proposed multi-year capital programme for the Executive.

4.3. The capital budget will include a plan to finance capital expenditure, including borrowing where required, taking a prudent approach to this and the revenue costs of borrowing - statutory Minimum Revenue Provision for the repayment of debt and interest payable.

4.4. The multi-year capital programme will annually be presented in a report, which considers total capital resources available to and revenue implications for the council, to the Executive by the Executive Member for Finance and Performance. The Executive will, on consideration of the report from the Executive Member for Finance, make recommendations to full Council regarding the capital programme.

4.5. Full Council, having considered the recommendations of the Executive shall set the multi-year capital programme, the capital budget, before 11 March each year.

4.6. Once set, directorates will have approval to spend their budgets within the multi-year capital programme, in line with the procurement- and decision-making rules set out in XXX.

4.7. The capital programme budget will include contingency sums which will be held corporately under the Section 151 Officer. To access these for projects requiring contingency, capital virement rules will apply, paragraphs 4.14-4.18.

CHANGES TO BUDGET

4.8. Changes to the capital budget once set by full Council can be made as set out below. Reprofiting changes, acceleration and slippage, and virements do not impact the total budget set. These change the allocation of budgets across time or projects. Additions and reductions will change the total capital budget set.

4.9. Additions to the capital programme which are fully funded and do not create a new borrowing requirement up to and including £5,000,000 can be approved by the Executive. Additions over £5,000,000 require Full Council approval. Note that additions for new grants are also subject to the Constitution rules around grant application and acceptance. Paragraphs XX.

4.10. Additions to the capital programme in year which are not fully funded and require an increase in the borrowing requirement to finance capital will require approval from Full Council following recommendation from the Section 151 Officer. This applies to all values.

4.11. Reductions in budgets no longer required up to and including £5,000,000 require approval from the Executive. Reductions over £5,000,000 require Full Council approval.

4.12. Slippage is a budget reprofiling tool which should be used when a project and associated spend is progressing behind the schedule expected at budget setting to move budget into future years in the multi-year capital programme. All slippage is a technical adjustment to be authorised by the Section 151 Officer and reported to the Executive.

4.13. Acceleration is a budget reprofiling tool which should be used when a project and associated spend is progressing ahead of the schedule expected at budget setting to move budget from future years in the multi-year capital programme. All acceleration is a technical adjustment to be authorised by the Section 151 Officer and reported to the Executive. The S151 Officer will report the financial impact of any acceleration.

4.14. Virements are a means to change budgets by moving them between capital budget accounts.

4.15. Where technical adjustments to budgets on the financial system are required to comply with the local authority accounting codes of practice, or do not change budget

allocations between lines of the capital programme, these can be authorised officers in accordance with internal process.

4.16. Technical adjustments to comply with the codes of practice includes the movement of budgets from revenue to capital that do not create a new borrowing requirement. However in instances that create a new borrowing requirement, paragraph 4.10 also applies.

4.17. Intra-directorate virements move budgets between lines of the capital programme within the same directorate. These capital virements can be approved as follows:

- Up to and including £500,000 by Corporate Directors, and reported to the Section 151 Officer and Executive
- Over £500,000 and up to and including £5,000,000 by Executive
- Over £5,000,000 by Full Council after recommendation from the Executive
- All values to also be approved by the Monitoring Officer and Section 151 Officer if changing scope of the budget

4.18. Inter-directorate virements move budgets between lines of the capital programme allocated to different directorates. This would cover the process of releasing contingency budgets to lines of the capital programme. These capital virements can be approved as follows:

- Up to and including £500,000 by both Corporate Directors impacted, the Section 151 Officer and, reported to the Executive
- Over £500,000 and up to and including £5,000,000 by Executive and the Section 151 Officer
- Over £5,000,000 by Full Council after recommendation from the Executive and the Section 151 Officer
- All values to also be approved by the Monitoring Officer if changing scope of the budget.

BUDGET MONITORING AND CONTROL

4.19. Each Corporate Director shall be responsible for monitoring and controlling their budget to ensure expenditure is contained within their budget as set by Council.

4.20. The key controls for managing and controlling the capital budget are:

- there shall be a nominated budget manager for each cost centre and line of the capital programme;
- budget managers shall accept accountability for their budgets, their projects to be delivered, and understand their financial responsibilities;
- Corporate Directors must ensure that budget managers possess the necessary skills and experience to undertake their duties;
- budget managers shall follow an approved certification process for all expenditure;

- capital income and expenditure must be properly recorded and accounted for;
 - income due to the service should be actively pursued;
 - expenditure should not be incurred or committed where there is no corresponding budget;
 - failure to adequately manage a budget for which the individual is responsible should be considered against the councils code of conduct;
-
- in order to assist them in carrying out their responsibilities and to help ensure sound financial governance, Executive Members shall regularly meet to discuss budget monitoring reports relevant to their portfolio areas with Corporate Directors.

4.21. The Executive shall receive regular reports setting out the projected expenditure and financing for the multi-year capital programme and variances, if any, from the agreed directorate budgets. Such reports must include details of action being taken to manage projected net overspends or underspends within agreed budgets.

4.22. Budget monitoring should consider the multi-year capital programme, availability of resources to finance, the profiling of and deliverability of the programme.

4.23. If any directorate is showing a variance, it is the responsibility of that Corporate Director to manage this and take action to contain expenditure within their capital budget as approved by Full Council.

5 EXTERNAL ARRANGEMENTS

ACCOUNTABLE BODY AND PARTNERSHIP ARRANGEMENTS

5.1 A Partnership Arrangement is an arrangement between the Council and one or more other bodies or persons (excluding collaborative procurements) to achieve objectives of the Council and at least one of the other parties which involves one or more of the following:

- sharing of risk in relation to the subject matter of the arrangement;
- joint planning and decision-making such as joint commissioning;
- joint delivery of services;
- sharing of resources,

but which is not a contract for the provision by one party to another of a supply, service or works in exchange for a fee or other consideration.

5.2 Exercise of a function that would confer accountable body status on the ~~Council~~ ~~Authority~~ or would result in a Partnership Arrangement with another body must be approved in writing by the ~~S151~~ ~~Chief Finance~~ Officer or approved by the Executive.

5.3 The Executive is responsible for approving delegations, including frameworks for partnerships. The Executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs. Where functions are delegated, the Executive remains accountable for them to the Full Council.

5.4 The ~~Chief Finance~~S151 Officer must be informed and written approval obtained, before entering into any proposed accountable body or partnership arrangement. Corporate Directors must provide to the ~~Chief Finance~~S151 Officer (unless they confirm in writing this is unnecessary in the particular case):

- i. evidence of scheme appraisal for financial viability in both the current and future years;
- ii. a risk appraisal, including a management action schedule and a statement setting out the internal control framework;
- iii. confirmation of funding streams, the level of contribution and how they have been determined;
- iv. evidence of the funding agreement, including the treatment of any under or overspending;
- v. in the case of a partnership arrangement, details of service continuation proposals upon expiry;
- vi. evidence of the financial viability of any partners, including credit scoring assessment;
- vii. details of any performance/output standards that must be achieved and who will monitor them;
- viii. details of the agreed audit arrangements;
- ix. the protocol for any disputes;
- x. the arrangements put in place for the review of inflation and efficiency saving; and
- xi. which assets will be used and who will own them.

5.5 In addition Corporate Directors must:

- i. Ensure all partnership arrangements are formally documented and agreed between all parties involved.
- ~~i.~~ii. ensure that all statutory accounting requirements are identified and that adequate accounting arrangements are agreed in order to ensure that all expenditure and income is properly incurred/received and recorded;
- ~~ii.~~iii. maintain a register of all arrangements entered into with external bodies and ensure that agreements and arrangements are properly recorded; and

~~iii.~~iv. ensure that such arrangements do not impact adversely upon other services provided by the Council.

5.6 Where a partnership arrangement includes a pooled budget the ~~S151 Chief Finance~~ Officer must be notified of:

- i. who will be the lead and host authority;
- ii. who will be the pooled budget manager; and
- iii. the provisions of the agreement.

5.7 The Monitoring Officer and ~~Chief Finance~~S151 Officer are responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the ~~Council~~Authority.

5.8 The ~~Chief Finance~~S151 Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. They must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

EXTERNAL FUNDING

5.9 Key Decision thresholds apply and must be followed alongside the paragraphs below related to external funding.

5.10 When seeking or bidding for external funding, including grants, Corporate Directors must ensure that the objectives of the funding programme are consistent with the Council's objectives and priorities. Corporate Directors must get the agreement of the S151 Officer prior to applying for external funding, including grants.

5.11 Corporate Directors must get the agreement of the S151 Officer prior to signing any grant acceptance agreement and must only do so when the terms are acceptable to the Council and in line with the Council's financial strategy and objectives.

5.12 Corporate Directors must also ensure that the receipt of any external funding does not lead to a resource commitment in future years that does not have a sustainable funding source. This includes grant match funding requirements being provided for. The ~~S151 Chief Finance~~ Officer must be advised of any such arrangements prior to entering into ~~the same~~. ~~When applicable~~ Corporate Directors must ensure that the Council's recordable decisions policy and key decision thresholds areis complied with.

5.13 The repayment of external funding for any reason must be agreed by the S151 officer prior to return.

5.14 Corporate Directors responsible for expenditure funded wholly or partly by ~~central government and or other external bodies/partners~~ external funding must ensure that:

- i. all funding notified by external bodies is received and properly recorded in their accounts;

- ii. the match funding requirements are considered prior to entering into agreement and that future revenue and/or capital budgets reflect these requirements;
- iii. service output targets/requirements can be met and that adequate arrangements are put in place for their monitoring and reporting;
- iv. any audit requirements are met;
- v. any other conditions associated with the funding are achievable and complied with.

WORK FOR THIRD PARTIES

5.15~~2~~ The Executive is responsible for approving the contractual arrangements for any work for third parties or external bodies where those contracts exceed the financial thresholds above which officers may not award contracts, as set out in the Constitution and the Procurement Rules.

5.13~~6~~ The Corporate Director of any ~~department~~directorate ~~or division~~ that is entering into contractual arrangements to work for a third party or external body shall be responsible for ensuring that:

- i. appropriate insurance arrangements are made;
- ii. all potential risks are identified and actions to mitigate these risks put in place;
- iii. wherever possible, payment is received in advance of the delivery of the service;
- iv. such contracts do not impact adversely upon the services provided by the Council;
- v. proper contractual documentation is maintained;
- vi. proper accounting and reporting arrangements exist.

GRANTS TO OUTSIDE BODIES

5.17~~4~~ Grants may be awarded by the Council under various statutory powers; for example Section 25 of the Local Government Act 1988 allows the provision of financial assistance to individuals in connection with housing needs. Grants must not be awarded to procure services, where the Procurement Rules apply.

~~5.15 Grants must be distinguished from contracts and it is essential that officers entering into grant arrangements carefully consider whether or not the Council wishes to enter into contractual relations with the recipient of money from the Council.~~

5.18 Grants to external organisations must be approved in accordance with the Scheme of Authorisation. In deciding whether to award a grant, officers must be satisfied that the proposed grant-recipient is financially viable for the duration of the appropriate project or activity.

5.19 When awarding a grant, the Council must give the grant recipient a written grant agreement which communicates the purpose of the grant and any stipulations attached to the grant. ~~Where grants are to be given, the Council must ensure that the organisation in receipt of the grant adheres to the conditions attached to the grant.~~

5.20 It is essential that officers who administer grants ensure ~~that~~ there are robust arrangements in place to monitor, evaluate and report on progress with the grant-funded activity and adherence to any grant conditions, to ensure ~~is a proper system in place to ensure that~~ the Council is gaining value for money through its grant process. This includes having a robust monitoring, evaluation and reporting structure in place.

5.21 Grants must be paid into a UK bank account, ~~the records relating to which the Council must be able to inspect.~~

5.22 Corporate Directors must ensure that adequate controls are included in all procedures to safeguard the Council, its resources and its assets from fraud or loss.

5.23 Where the council receives government grants for onward distribution to third parties, the council must ensure grants are awarded in accordance with any conditions attached to the government grant.

6 TREASURY MANAGEMENT

6.1 The Council ~~Authority's~~ borrowings and investments comply with the CIPFA ~~Code of Practice on~~ Treasury Management in Public Services: Code of Practice and with the Council ~~Authority's~~ Treasury Management Policy Statement and its Annual Investment Strategy:

- i) The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code) ~~2001~~ as described in section 4 of that Code;
- ii) Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management;
 - a) a treasury management ~~policy~~ strategy statement (TMSPS), stating the policies and objectives of its treasury management activities;
 - b) suitable treasury management practices (TMP), setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.
- iii) The Council will receive reports on its treasury management policies, practices and activities including, ~~as a minimum,~~ a TMSS with a range of Prudential Indicators and borrowing limits n annual strategy and plan for approval in advance of the year for approval. The Executive will receive a mid-year review and an annual report after its close, in the form prescribed in its TMSSP.
- iv) Responsibility for the implementation and monitoring of its treasury management policies and practices is delegated to the Executive and the execution and administration of treasury management decisions to the S151 ~~Chief Finance~~

Officer. The S151 Officer~~at Director~~ will act in accordance with the organisation's TMS~~PS~~ and TMP and CIPFA's Standard of Professional Practice on Treasury Management.

6.2 The responsibilities of the ~~Chief Finance~~S151 Officer in relation to treasury management and banking will include:

i) To arrange the borrowing and investments of the council~~Authority~~ in such a manner as to comply with the CIPFA ~~Code of Practice on~~ Treasury Management in Public Services: Code of Practice, the council~~Authority~~'s TMS~~PS~~ and the Annual Investment Strategy required under the Local Government Act 2003 and the relevant statutory guidance.

Treasury management activities are defined as:

"The management of the authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks";

ii) To report on treasury management activities to the Executive and c~~C~~ouncil in compliance with the CIPFA Code and Guidance on Local Authority Investments issued by the Secretary of State including the prudential code;

iii) To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of two of the ~~Chief Finance Officer~~named delegated officers in the council's scheme of authorisation.

6.3 The responsibilities of the ~~Chief Finance Officer~~S151 in relation to investments and borrowing will include:

i. To ensure that all investments ~~of money~~, borrowing and other financing transaction are made only in the name of the Council~~Authority~~ or in the name of nominees approved by ~~the~~ full Council;

~~i) To ensure that all securities that are the property of the Authority or its nominees and the title deeds of all property in the Authority's ownership are held in the custody of the appropriate Director;~~

~~ii) To effect all borrowings in the name of the Authority;~~

~~To act as the Authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Authority.~~

~~iii) ii) To ensure that Council officers tasked with Treasury Management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.~~

7. DISPOSAL AND ACQUISITION ~~AND ACQUISITION~~ OF ~~NON LAND~~ ASSETS

ACQUISITION AND DISPOSAL OF NON-LAND ASSETS WITH A MARKET VALUE LESS THAN £150,000

8.1. Non-land assets can be purchased within authorised budget limits. The council has a de-minimis threshold of £10,000 for expenditure to be capitalised, acquisitions of assets below this will be charged to revenue budgets.

~~2.1.8.2.~~ Materials, plant, machinery, fittings, equipment, stocks or ~~inventories~~ stores which by reason of damage, wear or obsolescence are no longer serviceable for the purposes for which they are held or are surplus to requirements may be disposed of, provided that where any item or any part of it has a resale value:

- i) prior to disposal, approval is obtained from the relevant Corporate Director ~~or other person authorised by the Corporate Director, in accordance with Part 3 Paragraph 8.7 and Appendix 3 of the Constitution;~~
- ii) the item or part item, is sold in the best available market and at the best price that can be reasonably obtained;
- iii) following the disposal, the ~~S151 Chief Finance~~ Officer is notified which asset has been disposed of and the level of receipts generated, where this exceeds £10,000, or where the original cost of the asset was more than £10,000.

~~2.2.8.3.~~ Before the disposal of any leased asset, Corporate Directors shall consult with ~~notify~~ the ~~Chief Finance Officer in writing~~ council's Corporate Landlord and Legal services, so that the terms of the lease may be examined and any liabilities assessed.

ACQUISITION AND DISPOSAL AND ACQUISITION OF ALL NON LAND ASSETS WITH A MARKET VALUE EXCEEDING £1050,000

8.4. Non-land assets can be purchased within authorised budget limits. The council has a de-minimis threshold of £10,000 for expenditure to be capitalised, acquisitions of assets at this threshold or higher this will be charged to capital budgets and accounted for as assets.

8.5. Where the estimated market value of non-land assets exceeding £1050,000 is proposed, then authority for its disposal must be given by the ~~Executive~~ Corporate Director. The S151 Officer is to be notified following disposal where the receipts generated exceed £10,000 or the original cost of the asset was more than £10,000.

~~2.3.8.6.~~ Before the disposal of any leased asset, Corporate Directors shall consult with the council's Corporate Landlord and Legal services so that the terms of the lease may be examined and any liabilities assessed.

DISPOSAL AND ACQUISITION OF LAND ASSETS AND LEASES

~~2.4.8.7~~ The powers of the Executive to acquire and dispose of land and real estate property are set out in Part 3, Section 4 of the Constitution, Matters Reserved for Executive Decision.

~~2.5.~~ The powers of officers to acquire and dispose of land and real property are set out below.

~~2.6.~~

~~8.8.~~ Where a restriction applies, the matter must be referred to the Executive, unless the decision is specifically reserved for another officer below.

~~8.8-8.9.~~ Prior to disposal of land assets, they must be included in the Executive approved list of assets for disposal. For urgent approval of assets for disposal, this must be through the express approval of the Leader of the Council.

<u>Acquisition and disposal of land assets (land and real property) and leases</u>		
<u>Description</u>	<u>Limit / Value</u>	<u>Approver</u>
Acquisition of land or real property other than by compulsory purchase order (Value can be reasonable estimate prior to entering into contract)	— Up to £1m; and for 20 years or less — Above £1m and for more than 20 years	— S151 Officer — Executive
Acquisition of the leasehold interest in former council owned homes sold under RTB to facilitate approved redevelopment schemes	— Any value	— S151 Officer
Disposal of freehold interests in land assets with the exception of void council owned homes, and grant leases at a premium	— Capital receipts up to £1.5m, where it represents best consideration reasonably obtainable, having taken professional advice — Capital receipts above £1.5m	— S151 Officer — Executive
Disposals of void council owned homes	— Best consideration reasonably obtainable of up to £3 million — Best consideration reasonably obtainable of more than £3 million	— Corporate Director Homes and Neighbourhood — Executive

<u>Acquisition and disposal of land assets (land and real property) and leases</u>		
<u>Description</u>	<u>Limit / Value</u>	<u>Approver</u>
<u>Grant leasehold interests to:</u> <u>— non-voluntary sector and community bodies</u> <u>— voluntary sector and community bodies</u>	<u>— Up to £250k exclusive annual rent payable, under best consideration; and for 20 years or less,</u> <u>— Above £250k and for more than 20 years</u> <u>— Any value, at or below best consideration reasonably obtainable, for up to 125 years</u>	<u>— S151 Officer</u> <u>— Executive</u> <u>— Executive</u>
<u>Grant of a lease to an academy trust following the making of an academy order in respect of a maintained school</u>	<u>— Up to 125 years at a peppercorn rent</u>	<u>— Corporate Director Children's Services</u>
<u>Disposal of interests in land for 6 months or less</u>	<u>— Any value, even if the rent is not the best consideration reasonably obtainable, for 6 months or less</u>	<u>— S151 Officer</u>

<u>Acquisition and disposal of land assets (land and real property) and leases</u>		
<u>Description</u>	<u>Limit / Value</u>	<u>Approver</u>
<u>The declaration of land and buildings as surplus to requirements of services</u>	<p>— Any value but not including street properties held under Part II of the Housing Act 1985 used solely for housing purposes</p> <p>— Any value of street properties held under Part II of the Housing Act 1985 used solely for housing purposes</p>	<p>— S151 Officer</p> <p>— Corporate Director Homes and Neighbourhood. The Corporate, who must within 14 days of having made any such declaration, notify the leader of any political groups represented on the Council of their decision</p>
<u>Acquiring Leasehold and Freehold interests</u>	<ul style="list-style-type: none"> • <u>Up to and including £5m purchase price on freeholds or capital premium on leaseholds, including acquisition of former Council owned homes sold under the right to buy</u> • <u>Over £5m purchase price on freeholds or capital premium on leaseholds</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for HRA when Housing related, otherwise S151 Officer</u> • <u>Executive</u>

<u>Acquisition and disposal of land assets (land and real property) and leases</u>		
<u>Description</u>	<u>Limit / Value</u>	<u>Approver</u>
<u>Disposing Leaseholds and Freehold interests *</u>	<ul style="list-style-type: none"> • <u>Void Council Homes and any other property asset for up to and including £5m</u> • <u>Void Council Homes and any other property asset over £5m</u> • <u>Any asset value not for best consideration subject to legislation</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for HRA when Housing related, otherwise S151 Officer</u> • <u>Executive</u> • <u>Executive following recommendation from S151 and Monitoring Officers that consistent and compliant with legislation</u>
<u>Approving applications to Secretary of State for approval to dispose of assets where required</u>	<ul style="list-style-type: none"> • <u>Any value</u> 	<ul style="list-style-type: none"> • <u>Full Council</u>
<u>Commercial transfer or grant of lease of maintained schools transferring to academy status</u>	<ul style="list-style-type: none"> • <u>To academy trusts following the making of an academy order</u> 	<ul style="list-style-type: none"> • <u>S151 Officer and Corporate Director responsible for Education</u>
<u>Declaring assets as surplus to service requirements</u>	<ul style="list-style-type: none"> • <u>Any value of street properties held under Part II of the Housing Act 1985 used solely for housing purposes</u> • <u>All other assets of any value</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for HRA</u> • <u>S151 Officer</u>
<u>Appropriations between funds</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Executive</u>
<u>Compulsory Purchase Orders</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Executive</u>
<u>Wayleaves and easements agreements</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for Highways or Corporate Director responsible for HRA</u>
<u>Tenancy at Will</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u>

Acquisition and disposal of land assets (land and real property) and leases		
Description	Limit / Value	Approver
<u>Licences to occupy</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u>
<u>Statutory Lease renewals under the 1954 Act and other statutory leases relating to telecommunications and utilities</u>	<ul style="list-style-type: none"> • <u>Any value</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA</u>
<u>Entering a lease as tenant</u>	<ul style="list-style-type: none"> • <u>Annual rental value within existing budgets</u> • <u>Annual rental value not within existing budgets</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for Corporate Landlord and S151 Officer</u> • <u>Executive</u>
<u>Surrendering of a lease as tenant</u>	<ul style="list-style-type: none"> • <u>Any rental value and any lease term</u> 	<ul style="list-style-type: none"> • <u>Corporate Director for Corporate Landlord and S151 Officer</u>
<u>Lease contract variations</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u>
<u>Granting a lease as landlord**</u>	<ul style="list-style-type: none"> • <u>Lease term under 7 years, any rental value</u> • <u>Lease term over 7 years, any rental value, subject to best consideration</u> • <u>Leases granted for over 25 years at a rental value over £50k per year unless a renewal protected by statute as above</u> 	<ul style="list-style-type: none"> • <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u> • <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u> • <u>Executive</u>

Acquisition and disposal of land assets (land and real property) and leases		
Description	Limit / Value	Approver
<u>Surrendering of a lease as landlord</u>	<ul style="list-style-type: none"> • <u>Lease term under 7 years, any rental value</u> • <u>Lease term over 7 years, any rental value</u> • <u>Rent value over £50k per year for leases granted for over 25 years</u> • <u>Any value where surrendering is subject to tenant becoming insolvent or pending insolvency</u> 	<ul style="list-style-type: none"> • <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u> • <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u> • <u>Executive</u> • <u>Corporate Director for Corporate Landlord and S151 Officer, consulting with the relevant Executive portfolio holder(s)</u>
<u>Forfeiture of a lease as landlord</u>	<ul style="list-style-type: none"> • <u>Breaching any terms of lease</u> 	<ul style="list-style-type: none"> • <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer with advice from legal services</u>

*Note for all values above, they are to be determined by the Council's external valuer's most recent valuation. An updated valuation will be sought if not held at market value or there have been a material change in prices.

**any leases granted to third parties must undertake full financial risk assessment as part of any ward to provide assurance over ability to pay, and cannot be approved where the risk of default is considered material by finance.

Post	Power	Restriction
Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)	To acquire land or real property other than by compulsory purchase order	i) where the consideration for the acquisition (or reasonable estimate prior to entering into a contract) does not exceed £1m; and

		ii) — the interest acquired is for 20 years or less
Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)	To dispose of the Council's freehold interests, with the exception of void council owned homes, and grant leases at a premium	<ul style="list-style-type: none"> i) — where the anticipated capital receipt does not exceed £1.5 million; and ii) — he/she is satisfied having taken the best professional advice that the capital receipt represents the best consideration reasonably obtainable for the interest in question; and iii) — the proposed disposal has been subject to consultation with such Council officers and members or groups within the Council which may exist from time to time to ensure that the service and/or corporate interests in the property are such as to make disposal appropriate.
Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)	To grant leasehold interests for terms not exceeding 20 years at an annual rent:	<ul style="list-style-type: none"> i) — where the annual rent payable under such leases does not exceed £250,000 exclusive per annum; and ii) — the rent payable under such leases is the best consideration reasonably obtainable.
Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)	To dispose of interests in land for a period of six months or less even if the rent payable under such leases is not the best consideration reasonably obtainable	

Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)	The grant of leases of up to 125 years at or below best consideration to voluntary sector and community bodies in accordance with the Property Strategy.	
Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)	The acquisition of the leasehold interest in former council owned homes sold under the RTB to facilitate approved redevelopment schemes	
Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)	The declaration of land and buildings as surplus to requirements of services	Save for street properties held under Part II of the Housing Act 1985 used solely for housing purposes.
Corporate Director of Housing	The declaration of street properties held under Part II of the Housing Act 1985 used solely for housing purposes as surplus to requirements (The Corporate Director of Housing must within 14 days of having made any such declaration, notify the leader of any political groups represented on the Council of their decision.)	
Corporate Director of Housing	Disposals of void council owned homes where the best consideration reasonably obtainable is £3 million or less	
Corporate Director of People	Grant of a lease of 125 years at a peppercorn rent to an academy trust following the making of an	

~~8.9.7.6~~ Corporate Directors will ensure that the ~~c~~Council does not enter into leases without first obtaining the consent of the Chief Finance Officer and, if applicable, approval of the relevant scheme in the capital programme.

8.10. All decisions to enter into, vary, or exit from a lease will not be made until lease Heads of Terms are approved by the council's Corporate Landlord Service, legal documents are approved by the Monitoring Officer, and funding is approved by the S151 Officer including, if applicable, approval of the relevant scheme in the capital programme.

~~8.10.8.11.~~ Corporate Directors will provide the S151 ~~Chief Finance~~ Officer with details of all current leases and agreements under which the Council incurs any financial liability or obtains any financial gain.

9 RISK MANAGEMENT AND CONTROL OF RESOURCES

INTRODUCTION

9.8.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Council ~~Authority~~. This should include the proactive participation of all those associated with planning and delivering services.

RISK MANAGEMENT

9.8.2 The Corporate Director of Resources ~~in Consultation with the Chief Finance Officer~~ is responsible for the Council ~~Authority~~'s risk management policies and for promoting them throughout the Council ~~Authority~~.

9.8.3 The Audit and Risk Committee will review the council's principal risk report annually, and any risk management issues that arise out of its review ~~of the work~~ of the internal and external auditors.

9.8.4 Corporate Directors are responsible for updating the Principal Risk report for risks in their service area and for actively managing their own risks.

INSURANCE

9.5.8.4 The ~~Corporate Director of Resources~~ S151 Officer is responsible for effecting any necessary insurance cover and negotiating all claims with insurers.

9.6.8.5 Corporate Directors, Service Directors, Deputy Directors and Assistant Directors ~~and Heads of Services~~ shall give prompt notification to the ~~Corporate Director of Resources~~ S151 Officer of the extent and nature of all new risks to be insured and of any alterations affecting insurable risks.

~~9.78.6~~ Corporate Directors, Service Directors, Deputy Directors and Assistant Directors ~~and Heads of Services~~ shall immediately notify the S151 Officer ~~Corporate Director of Resources~~ in writing, of any loss, liability or damage covered by insurance in connection with their service.

INTERNAL CONTROL

~~9.88.7~~ Internal control refers to the systems of control devised by management to help ensure the Council Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council Authority's assets and interests are safeguarded.

~~9.88.8~~ The ~~Corporate Director of Resources in consultation with the Chief Finance~~ S151 Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. The key components of the system of internal control include:

- Adequate segregation of duties
- Appropriate authorisation of transactions and activities
- Physical controls over assets and records
- Fraud prevention arrangements
- Risk management
- Budgetary control arrangements
- Audit arrangements

~~9.109~~ ~~————~~ All members of staff are responsible for ensuring these systems of internal control operate effectively. ~~The Corporate Directors should ensure that public funds are properly safeguarded and used economically, efficiently and in accordance with the statutory and other authorities that govern their use.~~

AUDIT REQUIREMENTS

~~9.118.10~~ The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit to evaluate the effectiveness of risk management and governance arrangements. The council's systems of internal control are reviewed by internal audit on a regular cycle as agreed by the council's Audit and Risk Committee. The Head of Internal Audit shall provide an annual opinion on the adequacy of the internal control environment, in line with Public Sector Internal Audit Standards.

~~9.1224~~ The Audit and Risk Committee is responsible for approving Internal Audit's Annual Plan and reviewing its reports. The S151 Officer shall:

- ensure internal audit have unrestricted access to all records, personnel, assets and premises as necessary for the purpose of their work;
- consider and responding promptly to recommendations in audit reports; and
- ensure any agreed actions arising from audit recommendations are carried out in a timely and effective fashion.

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~~9.138.112~~ ~~The Audit Commission~~ The council is responsible for appointing its own external auditors under the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015 ~~to each local Authority~~. It can choose to:

- undertake a complete procurement process itself and appoint its own auditor in line with the Procurement Rules;
- undertake a joint procurement with other bodies, or
- opt into a national collective scheme administered by the Public Sector Audit Appointments (PSAA), who appoint external auditors and set scale fees over a five-year period for authorities that have chosen to opt in.

~~9.1433~~ The decision on whether to opt into the PSAA collective scheme must be approved by full Council, having regard to the recommendation of the Audit and Risk Committee and the Executive Member for Finance & Performance.

~~9.158.12~~— The basic duties of the external auditor are governed by the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice. ~~section 15 of the Local Government Finance Act 1982, as amended.~~

~~9.168.15~~ External auditors must carry out sufficient and appropriate audit procedures to conclude whether:

- the council's statement of accounts present a true and fair view, and have been prepared in accordance with relevant accounting standards and UK legislation;
- the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

~~9.1756~~ The S151 Officer shall ensure external auditors are given access to those premises, employees, documents and assets which they consider necessary for the purposes of their work.

~~9.188.13~~ The ~~Council~~ ~~Authority~~ may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

PREVENTING FRAUD AND CORRUPTION

~~9.198.148~~ The ~~Corporate Director of Resources~~ S151 Officer is responsible for the development and maintenance of an anti-fraud and anti-corruption policy. Failure to prevent fraud is criminal offence.

ASSETS AND SECURITY

~~9.208.15~~ Corporate Directors should ensure that records and assets are properly maintained and securely held. Corporate Directors should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place and reviewed regularly.

~~9.218.16~~ The ~~S151 Officer~~ ~~Corporate Director of Resources~~ ~~in consultation with the Chief Finance Officer~~ shall agree maximum limits for cash holdings and these shall not be

exceeded without their express permission. ~~This should be carried out in consultation with the Chief Finance Officer, if they are not the same post holder.~~

~~9.22~~^{8.17} The Corporate Director responsible for the Digital Services shall agree with Corporate Directors and other persons involved, the degree of privacy of the information held on corporate computerised systems. The Corporate Director responsible for Digital Services shall then be responsible for maintaining proper security and the agreed degree of privacy of the information held in order to comply with the Data Protection Act 2018. Corporate Directors shall be responsible for maintaining proper security and the appropriate degree of privacy of information in accordance with the ~~c~~Council's ICT Security Policy Framework.

BANKING ARRANGEMENTS

~~9.23~~^{8.18} The ~~Chief Finance~~^{S151} Officer is responsible for making arrangements with the Council's bankers and National Giro-bank, concerning opening of bank accounts. The opening of a new bank account must be approved by two of the named delegated officers in the council's scheme of authorisation.

~~9.24~~^{8.19} All payments on behalf of the Council other than petty cash payments will be made by

- i) Cheques drawn on bank accounts opened with the authority of the ~~S151 Chief Finance~~ Officer for any particular establishment of the Council under the control of the nominating Director; or
- ii) Bankers automated clearing services (BACS) order direct to the recipient's personal account; or Direct Debit, the mandate for which must be signed by two of the officers of the Finance Service authorised by the Council to sign such mandates~~sign cheques~~; or
- iii) CHAPS transfer direct to the recipients account by one of the named officers authorised by the ~~Chief Finance~~^{S151} Officer;
- iv) Debit cards including e.g. purchase cards in accordance with procedures approved by the ~~Chief Finance~~^{S151} Officer;
- v) Any other electronic payment method approved by the ~~S151 Chief Finance~~ Officer.

~~9.25~~^{8.20} All monies received for or ~~/~~on behalf of the Council shall be paid promptly and intact into the appropriate accounts. Arrangements for banking receipts are covered in paragraphs 3.27-3.28 of the financial regulations.

9 GLOSSARY

<u>Capital Programme</u>	<u>Capital Programme refers to the approved capital budget over multiple years, comprised of approved schemes. Each line of the programme represents an approved scheme although that may be made up of multiple smaller projects.</u>
<u>CIPFA</u>	<u>The Chartered Institute of Public Finance and Accountancy is the accountancy body which represents at national level the interests of local government and public service finance. The Institute produces advice, codes of practice and guidance to local authorities on best practice.</u>
<u>Creditor</u>	<u>Amounts owed by the council for goods and services received but not paid for as at 31 March.</u>
<u>Debtor</u>	<u>Amounts owed to the council for goods and services provided but where the associated income was not received as at 31 March.</u>
<u>Journal</u>	<u>The transfer of an actual item of income or expenditure from one cost centre and account code to another cost centre and account code.</u>
<u>Medium-term financial strategy (MTFS)</u>	<u>A financial plan covering more than one financial year, therefore termed a medium-term financial strategy.</u>
<u>Reserves (balances)</u>	<u>These represent accumulated funds available to the council. Some balances (reserves) may be earmarked for specific purposes for funding future initiatives or meeting identified risks or liabilities. There are a number of unusable reserves which are established for technical purposes, it is not possible to utilise these to provide services.</u>
<u>Virement</u>	<u>The transfer of a budget from one cost centre and account code to another cost centre and account code. For capital, budgets moved between lines of the capital programme rather than cost centre is considered a virement.</u>
<u>Write-offs</u>	<u>Income is recorded in the council's accounts on the basis of amounts due. When money owing to the council cannot be collected the income is already showing in the accounts and has to be reduced or written off.</u>

10 Appendix 1 to the Financial Regulations – Scheme of Authorisation

Introduction

1. The Scheme of Authorisation sets out the powers and duties delegated to officers in conducting the council’s business. Changes to the limits/values contained within this Scheme may only be made with the approval of the S151 Officer, provided these changes comply with the Financial Regulations and wider Constitution.

2. Corporate Directors are responsible for the effective operation of the Scheme of Authorisation and must:

- Maintain a written record of authorised officers.
- Ensure that an appropriate segregation of duties is in operation, e.g., between ordering and paying for goods, between claiming and approving expenses.
- Ensure compliance with the financial limits in this Scheme and any additional financial restrictions and limitations imposed by the Financial Regulations and Procurement Rules (e.g., limits relating to waivers, extensions and variations) and HR policies (e.g., limits relating to overtime, allowances, honoraria and expenses).

<u>REF</u>	<u>DESCRIPTION</u>	<u>LIMIT / VALUE</u>	<u>APPROVER</u>
<u>BUDGET CHANGES</u>			
	<u>Individual Revenue Virements:</u> <u>That do not increase the council’s net budget requirement:</u>		
<u>3.10</u>	<u>• Creation of / increase in budget following receipt of additional, unanticipated funding (subject to key decision limits)</u>	<u>• Any value</u>	<u>• Both Corporate Director and S151 Officer</u>
<u>3.11</u>	<u>• Technical accounting adjustments</u>	<u>• Any value</u>	<u>• Corporate Director and S151 Officer</u>

<u>REF</u>	<u>DESCRIPTION</u>	<u>LIMIT / VALUE</u>	<u>APPROVER</u>
<u>3.13</u>	<ul style="list-style-type: none"> <u>Intra-directorate virements</u> 	<ul style="list-style-type: none"> <u>Up to £0.250m</u> <u>Between £0.250m and £0.500m</u> <u>Over £0.500m</u> 	<ul style="list-style-type: none"> <u>Corporate Directors (and reported to S151 Officer)</u> <u>Both Corporate Director and S151 Officer</u> <u>Corporate Director and S151 Officer. Executive approval is also required.</u>
<u>3.15</u> <u>3.16</u>	<ul style="list-style-type: none"> <u>Inter-directorate virements</u> 	<ul style="list-style-type: none"> <u>Up to £0.500m</u> <u>Over £0.500m</u> 	<ul style="list-style-type: none"> <u>Both Corporate Director and S151 Officer</u> <u>Corporate Director and S151 Officer. Executive approval is also required.</u>
<u>3.19</u>	<ul style="list-style-type: none"> <u>Allocation of contingency budget</u> 	<ul style="list-style-type: none"> <u>Any value</u> 	<ul style="list-style-type: none"> <u>Executive</u>
<u>3.8</u> <u>3.23</u>	<u>Change to the net revenue budget requirement</u>	<ul style="list-style-type: none"> <u>Any value</u> 	<ul style="list-style-type: none"> <u>Executive and Full Council</u>

	<u>Individual Capital Virements:</u>		
<u>4.27</u>	<ul style="list-style-type: none"> <u>Addition to the Capital Programme</u> 	<ul style="list-style-type: none"> <u>Up to and including £5.000m</u> <u>Over £5.000m</u> 	<ul style="list-style-type: none"> <u>Executive</u> <u>Full Council</u>
<u>4.22</u>	<ul style="list-style-type: none"> <u>Technical Adjustments</u> 	<ul style="list-style-type: none"> <u>Any Value</u> 	<ul style="list-style-type: none"> <u>S151 Officer</u>
<u>4.22</u>	<ul style="list-style-type: none"> <u>Intra-Directorate Virement</u> 	<ul style="list-style-type: none"> <u>Up to and including £1.000m</u> <u>Over £1.000m up to and including £5.000m</u> <u>Over £5.000m</u> <u>Any value changing scope of budget use</u> 	<ul style="list-style-type: none"> <u>Corporate Director</u> <u>Executive</u> <u>Full Council</u> <u>Monitoring Officer and S151 Officer</u>
<u>4.25</u>	<ul style="list-style-type: none"> <u>Inter-Directorate Virement</u> 	<ul style="list-style-type: none"> <u>Up to and including £0.500m</u> <u>Over £0.500m up to and including £5.000m</u> <u>Over £5.000m</u> <u>Any value changing scope of budget use</u> 	<ul style="list-style-type: none"> <u>Corporate Director and S151 Officer</u> <u>Executive and S151 Officer</u> <u>Full Council and S151 Officer</u> <u>Monitoring Officer and S151 Officer</u> <u>_____</u>

INCOME			
<u>3.26</u>	<u>Individual debtor account write offs (note this is the sum of debt on an account to be written off, not individual invoices)</u>	<ul style="list-style-type: none"> • <u>Up to £1k</u> • <u>Up to £10k</u> • <u>Up to £20k</u> • <u>Up to £199,999</u> • <u>£200k or more</u> 	<ul style="list-style-type: none"> • <u>Relevant finance leads in the Resources Directorate</u> • <u>Head of Service (generally PO8+), Officer on Chief Officer scale or Service Director</u> • <u>Corporate Directors</u> • <u>S151 Officer</u> • <u>Executive</u>
<u>3.29</u>	<u>Fees and Charges</u>	<u>Increase / decrease</u>	<u>Executive</u>

EXPENDITURE

	<p><u>Procurement strategies and contract awards</u></p> <p><u>(Exemptions apply for specific posts)</u></p>	<ul style="list-style-type: none"> • <u>Value Band i) Up to £5k (revenue and capital)</u> • <u>Value Band ii) Up to £25k (revenue and capital)</u> • <u>Value Band iii) £25k - £175k (revenue and capital)</u> • <u>Value Band iv) Up to £250K (revenue) / Up to £500k (capital)</u> • <u>Up to £500k (revenue) / Up to £1m (capital)</u> • <u>Up to £2M (revenue) / Up to £5m (capital)</u> • <u>Over £2M (revenue) / Over £5m (capital)</u> 	<ul style="list-style-type: none"> • <u>Budget holders Graded PO1 and above</u> • <u>Budget holders Graded PO4 and above</u> • <u>Deputy Heads of Service/Service Managers/Budget Managers/Business Managers and above</u> • <u>Heads of Service (generally PO8+) - reporting to Chief Officer and Officers on Chief Officer grade CO3 or CO4 and above (in consultation with Assistant Director Procurement and Supply)</u> • <u>Service Director/Director (Grade CO2) and above and Assistant Director, Procurement and Supply</u> • <u>Corporate Director (Grade CO/CO1) or S151 Officer or Chief Executive or Director of Public Health or Director of Adult Social Care</u> • <u>Executive</u>
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	<p><u>Authorising payment of invoices and purchase orders (where these are used)</u></p> <p><u>(Exemptions apply for specific posts)</u></p>	<ul style="list-style-type: none"> • <u>Up to £499</u> • <u>Up to £5k</u> • <u>Up to £25k</u> • <u>Up to £100k</u> • <u>Up to £250k</u> • <u>Up to £1M</u> • <u>Up to £5M</u> • <u>Up to £10M</u> • <u>Unlimited</u> 	<ul style="list-style-type: none"> • <u>Grades below PO1 (post dependent)</u> • <u>Grades PO1 to PO3 (post dependent)</u> • <u>Grade PO4 to PO7 (post dependent)</u> • <u>Deputy Heads of Service/Service Managers/Budget Managers/Business Managers</u> • <u>Heads of Service (generally PO8+) - reporting to Chief Officer</u> • <u>Officers on Chief Officer Grades CO3 or CO4</u> • <u>Service Director/Director (Grade CO2) or Deputy Monitoring Officer or Deputy Director of Finance (CO3)</u> • <u>Corporate Director (Grade CO/CO1) or Director of Finance (CO2)</u> • <u>S151 Officer or Chief Executive</u>
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	<ul style="list-style-type: none"> • <u>Use of Corporate credit cards in an emergency situation</u> • <u>Access to cash in an emergency situation</u> • <u>Expenditure in an emergency situation</u> 	<u>In line with the council's corporate crisis response plan</u>	<u>In line with the council's corporate crisis response plan</u>
<u>OTHER</u>			
	<u>Placing of treasury investments</u> <u>Placing borrowings</u>	<ul style="list-style-type: none"> • <u>Up to £34m</u> • <u>Up to authorised limit in the Treasury Management Strategy Statement</u> 	<ul style="list-style-type: none"> • <u>Head/Deputy Head/Financial Accountant within Treasury and Pensions</u> • <u>Deputy Director of Corporate Finance and above</u>
<u>6.2</u> <u>8.18</u>	<u>Opening a new bank account</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Two signatures required. S151 Officer may delegate this to any two officers named in the Letter of Delegated Authority given to the council's main bank.</u>
<u>Acquisition and disposal of assets and leases</u>			
<u>7.2</u> <u>7.3</u> <u>7.5</u> <u>7.6</u>	<u>Disposal of non-land assets (Materials, plant, machinery, fittings, equipment, stocks or inventories)</u>	<ul style="list-style-type: none"> • <u>Up to £10k</u> • <u>£10k and above</u> 	<ul style="list-style-type: none"> • <u>Corporate Director</u> • <u>Executive</u>
<u>7.1</u> <u>7.4</u>	<u>Acquisition of non-land assets (Materials, plant, machinery, fittings, equipment, stocks or inventories)</u>	<ul style="list-style-type: none"> • <u>Within authorised budget limits</u> • <u>Above authorised budget limits</u> 	<ul style="list-style-type: none"> • <u>Corporate Director</u> • <u>S151 Officer</u>
<u>7.8</u>	<u>Compulsory Purchase Orders</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Executive</u>

7.8	<u>Acquiring Leasehold and Freehold interests</u>	<ul style="list-style-type: none"> • <u>Up to and including £5m purchase price on freeholds or capital premium on leaseholds, including acquisition of former Council owned homes sold under the right to buy</u> • <u>Over £5m purchase price on freeholds or capital premium on leaseholds</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for HRA when Housing related, otherwise S151 Officer</u> • <u>Executive</u>
7.8	<u>Disposing Leasehold and Freehold interests</u>	<ul style="list-style-type: none"> • <u>Void Council Homes and any other property asset up to and including £5m</u> • <u>Void Council Homes and any other property asset over £5m</u> • <u>Any value not for best consideration subject to legislation</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for HRA when Housing related, otherwise S151 Officer</u> • <u>Executive</u> • <u>Executive following recommendation from S151 and Monitoring Officers that consistent and compliant with legislation</u>
7.8	<u>Statutory Lease renewals under the 1954 Act and other statutory leases relating to telecommunications and utilities</u>	<ul style="list-style-type: none"> • <u>Any value</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u>

<u>7.8</u>	<u>Commercial transfer of grant of lease of maintained schools transferring to academy status</u>	<ul style="list-style-type: none"> • <u>To academy trusts following the making of an academy order</u> 	<ul style="list-style-type: none"> • <u>S151 Officer and Corporate Director responsible for Education</u>
<u>7.8</u>	<u>Declaring assets as surplus to service requirements</u>	<ul style="list-style-type: none"> • <u>Any value of street properties held under Part II of the Housing Act 1985 used solely for housing purposes</u> • <u>All other assets of any value</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for HRA</u> • <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u>
<u>7.8</u>	<u>Appropriations between funds</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Executive</u>
<u>7.8</u>	<u>Wayleaves and easements agreements</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for Highways or Corporate Director responsible for HRA</u>
<u>7.8</u>	<u>Tenancy at Will</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u>
<u>7.8</u>	<u>Licences to occupy</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u>
<u>7.8</u>	<u>Entering a lease as tenant</u>	<ul style="list-style-type: none"> • <u>Annual rental value within existing budgets</u> • <u>Annual rental value not within existing budgets</u> 	<ul style="list-style-type: none"> • <u>Corporate Director and S151 Officer</u> • <u>Executive</u>

7.8	<u>Surrendering of a lease as tenant</u>	<ul style="list-style-type: none"> • <u>Any rental value and any lease term</u> 	<ul style="list-style-type: none"> • <u>Corporate Director for Corporate Landlord and S151 Officer</u>
7.8	<u>Lease contract variations</u>	<ul style="list-style-type: none"> • <u>Any</u> 	<ul style="list-style-type: none"> • <u>Corporate Director responsible for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u>
7.8	<u>Granting a lease as landlord</u>	<ul style="list-style-type: none"> • <u>Lease term under 7 years, any rental value</u> • <u>Lease term over 7 years, any rental value, subject to best consideration</u> • <u>Rent value over £50k per year for leases granted for over 25 years unless a renewal protected by statute as above</u> 	<ul style="list-style-type: none"> • <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u> • <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u> • <u>Executive</u>
7.8	<u>Surrendering of a lease as landlord</u>	<ul style="list-style-type: none"> • <u>Lease term under 7 years, any rental value</u> • <u>Lease term over 7 years, any rental value</u> 	<ul style="list-style-type: none"> • <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u> • <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer</u>

		<ul style="list-style-type: none"> • <u>Rent value over £50k per year for leases granted for over 25 years</u> • <u>Any value where surrendering is subject to tenant becoming insolvent or pending insolvency</u> 	<ul style="list-style-type: none"> • <u>Executive</u> • <u>Corporate Director for Corporate Landlord and S151 Officer and note to the Executive</u>
<u>7.8</u>	<u>Forfeiture of a lease as landlord</u>	<ul style="list-style-type: none"> • <u>Breaching any terms of lease</u> 	<ul style="list-style-type: none"> • <u>Corporate Director for Corporate Landlord or Corporate Director responsible for HRA and S151 Officer with advice from the Monitoring Officer</u>
<u>Delegated Authorities in Staff absence</u>			
<u>8.1</u>	<u>In the event that a designated staff member is unavailable to approve an item:</u>	<ul style="list-style-type: none"> • <u>Automatic ruling</u> • <u>Nominated Delegate</u> 	<ul style="list-style-type: none"> • <u>Authorisation will be required from the next senior staff member up in the approval hierarchy</u> • <u>A nominated individual can deputise in the absence of an authoriser, providing documented instruction has been signed-off either by the initial authoriser, or by a senior staff member in the approval hierarchy</u>
<u>Finance System User Setup/Amendment</u>			
<u>9.1</u>	<u>Instruction for finance system user administration</u>	<ul style="list-style-type: none"> • <u>All instructions (default approval limits)</u> 	<ul style="list-style-type: none"> • <u>To be authorised by the hiring/line manager, permissions will by default be in line with Scheme of Authorisation limits</u>

		<ul style="list-style-type: none">• <u>Specific approval limits</u> <u>(Any staff member who</u> <u>requires a higher limit than</u> <u>specified in this Scheme)</u>	<ul style="list-style-type: none">• <u>S151 Officer</u>
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Key Decision Thresholds

As covered in XXX of the constitution, key decision thresholds are:

<u>Recordable Decision</u>	<u>Officer Key Decision</u>	<u>Executive Key Decision</u>
<u>£250k Revenue</u>	<u>£500k-£2m Revenue</u>	<u>£2m+ Revenue</u>
<u>£500k Capital</u>	<u>£1m-£5m Capital</u>	<u>£5m+ Capital</u>
<u>£100k waiver</u>	<u>As above</u>	<u>As above</u>