

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 councilAuthority's financial affairs. The regulations apply to every Member and officer of the councilAuthority 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 Officer; Corporate Directors and organisations acting on behalf of the councilAuthority.

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 (currently the Corporate Director of Resources) is responsible for maintaining a continuous review of the Financial Regulations and 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 the full Council and/or Executive Members.

1.5 Corporate Directors are responsible for ensuring that all staff in their departments are aware of the existence and content of the councilAuthority's Financial Regulations and other internal regulatory documents and that they comply with them.

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.

2 FINANCIAL MANAGEMENT

INTRODUCTION

2.1 Financial management covers all financial accountabilities in relation to the running of the councilAuthority, including the policy framework and budget.

2.2 The Ccouncil's decision-making structure and a comprehensive listing of responsibilities of officers and committees is contained within Part 4 and Appendix 3 of 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 The full Council is responsible for:

- adopting the Ccouncil's Constitution (including the Financial Regulations) and Members' eCode of eConduct;
- 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 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 Prudential Code;
- approving any other strategy or policy as specifically required by an Act or regulation.

THE EXECUTIVE

2.4 The Executive is responsible for:

- proposing the policy framework and budget to the 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 Prudential Code, to the full Council;
- reviewing the budget 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 COMMITTEE

2.5 The Audit 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 Committee's ~~is~~ responsibilities include:

- ~~e~~ for reviewing the external auditor's reports and ~~advising the~~ annual audit letter;
- approving internal audit's annual Audit Plan and reviewing its reports;
- ~~and~~ 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.

POLICY AND PERFORMANCE SCRUTINY COMMITTEE

2.6 The Policy and Performance Scrutiny Committee is the council's main scrutiny committee. It coordinates the work of the council's four scrutiny review committees and can play 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 Policy and Performance 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 Policy and Performance 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)

2.68 The Director of Law and Governance's financial responsibilities are:

- ensuring that procedures for recording and reporting key financial decisions are operating effectively;
- 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) 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 ~~C~~council's medium term financial strategy;

- implementing interdepartmental budget transfers that exceed virement limits.

CHIEF FINANCE OFFICER AND SECTION 151 OFFICER

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

2.97 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.

2.108 The ~~Chief Finance Officer~~ Section 151 Officer (S151 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.

2.119 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.

2.120 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 ~~he or she/they~~ be unable to perform the duties under section 114 personally and that person is the Director of Finance/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.

2.134 ~~Section 25 of the~~ 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/Chief Finance 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

2.163 Corporate Directors are responsible for:

- 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
- ensuring relevant records are maintained and retained;
- ensuring debts they raise are received;

- ensuring that all staff comply with financial regulations and any other financial instructions the S151 Officer may issue from time to time.

2.174 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

2.185 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 who shall be satisfied that the Council has the statutory powers under which the expenditure will be incurred.

COMMITMENTS INTO FUTURE YEARS

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

2.2017 ~~All~~The council~~Authority~~'s decision-making bodies must be informed of the implications for future years of any spending decisions they're making.

2.2148 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.

2.2249 Where a source of funding has not been identified, ~~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 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.

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.

~~3.2 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.~~

~~3.2 A meeting of 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.~~

3.33 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 annual budget report for the Executive.

3.43 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.

~~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.~~

3.45 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.

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

3.67 The Council, having considered the recommendations of the Executive shall set the council tax and budget for the following financial year before 11 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 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 Ccouncil's reserves for which the budget provides.~~

~~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

3.814 Variations to the budget approved by Council, subject to their being no increase in the councilAuthority's net budget requirement, will be permissible in the circumstances set out in paragraphs 3.912 to 3.1922 below.

3.912 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.

Additional Third Party Funding

3.103 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~~ S151 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 ~~IAS 19~~ adjustments etc.) or where the budget adjustment reflects a previously approved decision (e.g. transfer from reserves or the transfer of a function between departments). Such adjustments shall be included in the budget monitoring reports submitted to the Executive under paragraph 3.9 above.

Intra-Departmental Virements

3.1512 All transfers within a department that fall into any of the following categories are classified as intra departmental 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.

3.4613 Subject to the restrictions and definitions above, the responsibility for approving intra departmental virements is as follows: -

- a) Corporate Directors are allowed to approve virements less than £250,000 within or between individual service divisions within their departments. The ~~Chief Finance~~ S151 Officer should also be notified of any such virements when approved by the relevant Corporate Director.
- b) 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.

~~3.4714~~ All intra-departmental virements will be reported by the ~~S151–Chief Finance~~ Officer to the Executive within three months of being actioned.

Inter-Departmental Virements

~~3.4815~~ An inter-departmental virement is a budget transfer from one department to another. All such virements must be approved by the relevant Corporate Directors and ~~Chief Finance-S151~~ Officer.

~~3.4916~~ Virements with a value exceeding £500,000 must also be approved by the Executive before the virement is processed.

~~3.2017~~ All inter-departmental virements 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.~~

~~3.2418~~ Increased expenditure 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.

a) Salaries, wages and pensions increases arising from nationally negotiated decisions and variations in contributions under the National Insurance and Superannuation Acts;

b) Interest rate movements or other similar financing factors;

c) Payments made as a result of any court order (other than an order made by consent);

d) 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.

~~e) –~~

Contingency Allocations

~~3.2219~~ The allocation of the Council's revenue contingency budgets ~~shall~~must be recommended by the Executive Member for Finance to the Executive who ~~shall~~ have the authority to agree such allocations up to the value of the available contingency budget.

REVENUE BUDGET MONITORING AND CONTROL

3.207 Each Corporate Director, Service Director and Deputy Director or Assistant Director shall be responsible for monitoring and controlling their budget to ensure expenditure is contained within their net budget as set by Council.

3.218 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;
- income due to the service should be actively pursued;
- 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.

3.229 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 S151 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.

3.2340 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.

TREATMENT OF YEAR-END BALANCES

3.23-24 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

3.2425 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

~~3.2526~~ All debt write-offs must be in accordance with this section:

- i) 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~~;
- ii) 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;
- iii) Service Managers in the Resources department are able to write off individual debts (or aggregate debts for one customer) of up to £10,000 ~~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;~~
- iv) 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) up to £199,999.
- v) Executive authority is required in order to write off individual debts (or aggregate debts for one customer) of £200,000 or more.
- vi) The reason for the write-off must be documented. All ~~w~~Write-offs will be reported to the Executive and Audit Committee on an annual basis.

FEEES AND CHARGES AND OTHER INCOME

~~3.2627~~ The ~~S151 Chief Finance~~ Officer in consultation with Corporate Directors shall maintain adequate arrangements to ensure:-

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

~~3.2728~~ Every sum received by a cashier or officer of the cCouncil shall be immediately acknowledged by the issue of an official receipt.

~~3.28-29~~ 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 cCouncil's policy on fees and charges, as set out each year in the revenue budget report.

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

3.304 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.

3.312 The ~~Chief Finance S151~~ Officer is responsible for maintaining the ~~council~~Authority's tax records, 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 ~~c~~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 ~~c~~Council has discretion over spending: namely, capital receipts, any unsupported borrowing that the ~~c~~Council decides to undertake and any (non HRA) revenue contribution the ~~c~~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.

~~Pipeline: Reserve List~~ a list of those ~~e~~Capital ~~s~~Schemes identified by the ~~c~~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~~^{S151} Officer is responsible for the co-ordination and preparation of the capital programme and annual capital budget preparation, including ~~the issuing of budget preparation guidance and standardisation of the basis for presentation of budgets.~~

4.2 For a capital scheme to be included in the Capital Programme, the scheme must:
be supported by:

- for Capital Schemes up to £500k, a New Capital Bid Form;
- for Capital Schemes between £500k and £1m, a New Capital Bid Form and an Initial Business Case approved in accordance with the Procurement Rules, and where required, a feasibility study;
- for Capital Schemes between £1m and £5m, in addition to the above, any capital contracts between £1m and £5m require an Officer Key Decision Strategy in accordance with the Procurement Rules;
- for Capital Schemes over £5m, an Executive Key Decision in accordance with the Procurement Rules and a Full Business Case.

4.3 As part of the annual budget setting process, outlined in section 3.1 to 3.76 of the Financial Regulations, the Executive will, on consideration of the annual budget making report from the Executive Member for Finance and Performance, make recommendations to the Full Council regarding the Capital Programme, Pipeline List and annual capital budget. The Executive may also recommend the Reserve List.

4.34 The report from the Executive Member for Finance and Performance will consider the total capital resources available to the c-Council, including any proposed prudential borrowing, and the revenue implications of the proposed capital expenditure ~~and the Capital Allowance~~ over the life of the ~~capital~~ Medium Term Financial Strategy.

4.45 The Full Council, having considered the recommendations of the Executive shall ~~determine approve~~ the overall level of the annual Capital Budget, the Capital Programme, and the Pipeline Reserve List and the Capital Allowance.

SPENDING ON CAPITAL SCHEMES

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

- i) that scheme ~~was~~^{is} included in the approved Capital Programme ~~or Pipeline Reserve List~~; or
- ii) ~~it~~ has been approved by the Executive in accordance ~~with~~ 4.24 (or Chief Executive (in consultation with the ~~S151 Chief Finance~~ Officer) in circumstances where in ~~their~~^{her/his} view to delay any decision would seriously prejudice the

- ~~c~~Council's or the public interest and it is not practicable to convene a quorate meeting of the Executive); or
- iii) ~~a~~Approval has been given by the relevant Corporate Director in accordance with ~~4.76~~ and 4.26 below; and
 - iv) the appropriate procedures for the inviting and acceptance of tenders have been followed, as set out in the ~~c~~Council's Procurement Rules.

~~4.76~~ There shall be delegated to the ~~S151~~Chief Finance Officer, the authority to incur expenditure up to and including ~~£4500,000~~ in any one case and subject to the resources being available, on the following areas:

- i. Financial assistance to housing associations;
- ii. Advances under the ~~c~~Council's house purchase scheme, subject to such limits as the ~~c~~Council may impose from time to time;
- iii. 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 ~~S151~~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;
- iv. 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 ~~0.54~~%.

~~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 ~~a net~~ ~~£10,000,000~~, 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

~~4.109~~ 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

~~4.10-11~~ The ~~S151~~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. ~~Reasonable in the following circumstances~~ for approving slippage would include:

- i. delays as a result of planning procedures / conditions / objections;
- ii. failure to procure required contractors;
- iii. loss of key personnel on a ~~C~~capital ~~S~~scheme;
- iv. dependency on other overrunning projects;
- v. delays as a result of external factors over which the ~~c~~Council cannot be reasonably considered to have any control;
- vi. 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 ~~S151~~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 ~~S151~~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 ~~S151~~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~~~~S151~~ 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 0.54% and subject to the resources being available.

4.18 Any such authorisation that increases the overall budget for the Capital Programme by more than 0.54% 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 £10,000,000, 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:

- i) the additional schemes have been approved as part of the Capital Programme or Pipeline Reserve List;
- ii) the capital virement rules have been complied with;
- iii) the S151 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 Capital virements can only be made by Corporate Directors when they are technical in nature and they do not substantially change the value of an individual scheme's budget, e.g. consolidation of projects or allocation of a project's budget to individual budget lines. The following limits shall apply to capital virements:

- i. Corporate Director(s) are allowed to approve virements of up to £500,000 between Capital Schemes;
- ii. For sums above £500,000 approval should be sought from the S151 Chief Finance Officer;
- iii. All non-technical virements or 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 S151 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 £10,000,000.

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 ~~Community Wealth Building Environment and Regeneration Climate Change in consultation with the Chief Finance Officer~~. The recommendations to both the Executive and the Corporate Director for ~~Community Wealth Building Environment and Regeneration Climate Change~~ 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~~~~required~~ Corporate Capital Resources ~~of up to £50,000~~ may be approved by the relevant Corporate Director and reported to the ~~S151 Chief Finance~~ Officer. ~~Additionally, any~~ changes greater than £500,000 must be approved by the ~~S151 Chief Finance~~ Officer.

CAPITAL BUDGET MONITORING CONTROL AND REPORTING

4.28 Corporate Directors are responsible for monitoring progress on all ~~C~~capital ~~S~~schemes within their departments or divisions and for reporting to the ~~S151 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.

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~~he/she confirms 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 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 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. maintain a register of all arrangements entered into with external bodies and ensure that agreements and arrangements are properly recorded; and

iii. ensure that such arrangements do not impact adversely upon other services provided by the ~~c~~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. ~~He or she~~They must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. ~~He or she~~They must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

EXTERNAL FUNDING

5.9 When seeking or bidding for external funding, including grants, Corporate Directors must ensure that the objectives of the funding programme are consistent with the ~~c~~Council's objectives and priorities.

5.10 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. 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 ~~c~~Council's recordable decisions policy is complied with.

5.11 Corporate Directors responsible for expenditure funded wholly or partly by central government and or other external bodies/partners 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 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

5.12 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 The Corporate Director of any department 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 cCouncil;
- v. proper contractual documentation is maintained;
- vi. proper accounting and reporting arrangements exist.

GRANTS TO OUTSIDE BODIES

5.14 Grants may be awarded by the cCouncil 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.~~

~~5.15 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.~~

~~5.16 When awarding a grant, Where grants are to be given, the cCouncil must give the grant recipient a written grant agreement which communicates the purpose of the grant and any stipulations attached to the grant. ensure that the organisation in receipt of the grant adheres to the conditions attached to the grant.~~

5.17 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 stipulations, to ensure is a proper system in place to ensure that the cCouncil is gaining value for money through its grant process. This includes having a robust monitoring, evaluation and reporting structure in place.

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

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

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

6 TREASURY MANAGEMENT

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

i) The cCouncil adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code) ~~20021~~ as described in section 4 of that Code;

ii) Accordingly, the cCouncil 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 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 S151Chief Finance Officer. The S151 Officerat Director will act in accordance with the organisation's TMSPS 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 councilAuthority in such a manner as to comply with the CIPFA ~~Code of Practice on~~ Treasury Management in Public Services: Code of Practice, the councilAuthority's TMSPS 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 Council 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 or one of the 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 ~~cash~~ 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;

~~ii) 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;~~

~~iii) 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.~~

~~iv) 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 OF NON LAND ASSETS

DISPOSAL OF NON LAND ASSETS WITH A MARKET VALUE LESS THAN £50,000

7.1 Materials, plant, machinery, fittings, equipment, stocks or 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.

7.2 Before the disposal of any leased asset, Corporate Directors shall notify the S151 Chief Finance Officer in writing, so that the terms of the lease may be examined.

DISPOSAL ~~AND ACQUISITION~~ OF ALL NON LAND ASSETS WITH A MARKET VALUE EXCEEDING £~~10~~50,000

7.3. Where the estimated market value of non land assets exceeding £~~10~~50,000 is proposed, then authority for its disposal must be given by the Executive.

DISPOSAL AND ACQUISITION OF LAND ASSETS AND LEASES

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

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

Where a restriction applies, the matter must be referred to the Executive, unless the decision is specifically reserved for another officer below. In all cases below, the Deputy S151 Officer can act on behalf of the S151 Officer in their absence.

Acquisition and disposal of land assets (land and real property) and leases		
Description	Limit / Value	Approver
<u>Acquisition of land or real property other than by compulsory purchase order</u> <u>(Value can be reasonable estimate prior to entering into contract)</u>	<ul style="list-style-type: none"> • <u>Up to £1m; and for 20 years or less</u> • <u>Above £1m and for more than 20 years</u> 	<ul style="list-style-type: none"> • <u>S151 Officer</u> • <u>Executive</u>
<u>Acquisition of the leasehold interest in former council owned homes sold under RTB to facilitate approved redevelopment schemes</u>	<ul style="list-style-type: none"> • <u>Any value</u> 	<ul style="list-style-type: none"> • <u>S151 Officer</u>
<u>Disposal of freehold interests in land assets with the exception of void council owned homes, and grant leases at a premium</u>	<ul style="list-style-type: none"> • <u>Capital receipts up to £1.5m, where it represents best consideration reasonably obtainable, having taken professional advice</u> • <u>Capital receipts above £1.5m</u> 	<ul style="list-style-type: none"> • <u>S151 Officer</u> • <u>Executive</u>

Acquisition and disposal of land assets (land and real property) and leases		
Description	Limit / Value	Approver
<u>Disposals of void council owned homes</u>	<ul style="list-style-type: none"> <u>Best consideration reasonably obtainable of up to £3 million</u> <u>Best consideration reasonably obtainable of more than £3 million</u> 	<ul style="list-style-type: none"> <u>Corporate Director Homes and Neighbourhood</u> <u>Executive</u>
<u>Grant leasehold interests to:</u> <ul style="list-style-type: none"> <u>non-voluntary sector and community bodies</u> <u>voluntary sector and community bodies</u> 	<ul style="list-style-type: none"> <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> 	<ul style="list-style-type: none"> <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>	<ul style="list-style-type: none"> <u>Up to 125 years at a peppercorn rent</u> 	<ul style="list-style-type: none"> <u>Corporate Director Children's Services</u>
<u>Disposal of interests in land for 6 months or less</u>	<ul style="list-style-type: none"> <u>Any value, even if the rent is not the best consideration reasonably obtainable, for 6 months or less</u> 	<ul style="list-style-type: none"> <u>S151 Officer</u>

Acquisition and disposal of land assets (land and real property) and leases		
Description	Limit / Value	Approver
<u>The declaration of land and buildings as surplus to requirements of services</u>	<ul style="list-style-type: none"> • <u>Any value but not including street properties held under Part II of the Housing Act 1985 used solely for housing purposes</u> • <u>Any value of street properties held under Part II of the Housing Act 1985 used solely for housing purposes</u> 	<ul style="list-style-type: none"> • <u>S151 Officer</u> • <u>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</u>

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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	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

		<p>for the interest in question; and</p> <p>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.</p>
<p>Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)</p>	<p>To grant leasehold interests for terms not exceeding 20 years at an annual rent:</p>	<p>i) where the annual rent payable under such leases does not exceed £250,000 exclusive per annum; and</p> <p>ii) the rent payable under such leases is the best consideration reasonably obtainable.</p>
<p>Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)</p>	<p>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</p>	
<p>Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)</p>	<p>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.</p>	
<p>Chief Finance Officer (or Deputy Chief Finance Officer, in the absence of the Chief Finance Officer)</p>	<p>The acquisition of the leasehold interest in former council owned homes sold under the RTB to facilitate approved redevelopment schemes</p>	

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 <u>Housing Homes and Neighbourhood</u>	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 <u>Housing Homes and Neighbourhood</u>	Disposals of void council owned homes where the best consideration reasonably obtainable is £3 million or less	
Corporate Director of <u>People Children's Services</u>	Grant of a lease of 125 years at a peppercorn rent to an academy trust following the making of an academy order in respect of a maintained school	

7.6 Corporate Directors will ensure that the cCouncil does not enter into leases without first obtaining the consent of the S151Chief Finance Officer and, if applicable, approval of the relevant scheme in the capital programme.

7.7 Corporate Directors will provide the S151Chief Finance Officer with details of all current leases and agreements under which the cCouncil incurs any financial liability or obtains any financial gain.

8 RISK MANAGEMENT AND CONTROL OF RESOURCES

INTRODUCTION

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

RISK MANAGEMENT

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

8.3 The Audit 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.

INSURANCE

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

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.

8.6 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

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

8.8 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

~~8.9 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

~~8.1010 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 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.~~

~~8.121 The Audit Committee is responsible for approving Internal Audit's Annual Plan and reviewing its reports. The S151 Chief Finance Officer shall:~~

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

~~8.1112 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.~~

~~8.133 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 Committee and the Executive Member for Finance & Performance.~~

~~8.12—14 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.~~

~~8.15 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.~~

8.156 The ~~S151 Chief Finance 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.

8.1317 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

8.1418 The ~~Corporate Director of Resources~~ S151 Officer is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

ASSETS AND SECURITY

8.1519 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.

8.2016 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 his/her/their express permission.

8.1721 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

8.1822 The ~~Chief Finance~~ S151 Officer is responsible for making arrangements with the ~~C~~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.

8.1923 All payments on behalf of the ~~C~~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 ~~C~~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 Ddebit, the mandate for which must be signed by two of the officers of the Finance Service authorised by the ~~c~~Council to sign such mandata~~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.

~~8.2024~~ All monies received for or/on behalf of the ~~c~~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.

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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>• 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-departmental virements</u> 	<ul style="list-style-type: none"> <u>Up to £250k</u> <u>Between £250k and £500k</u> <u>Over £500k</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-departmental virements</u> 	<ul style="list-style-type: none"> <u>Up to £500k</u> <u>Over £500k</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>Creation of / increase in budget following receipt of additional, unanticipated funding</u> 	<ul style="list-style-type: none"> <u>Up to £50k</u> <u>Over £50k</u> 	<ul style="list-style-type: none"> <u>Corporate Director</u> <u>S151 Officer</u>
<u>4.22</u>	<ul style="list-style-type: none"> <u>Virements between capital schemes that are technical adjustments</u> 	<ul style="list-style-type: none"> <u>Up to £500k</u> <u>Between £500k and £1M</u> <u>Over £1M</u> 	<ul style="list-style-type: none"> <u>Corporate Directors</u> <u>S151 Officer</u> <u>Executive</u>
<u>4.22</u>	<ul style="list-style-type: none"> <u>Non-technical virements</u> 	<ul style="list-style-type: none"> <u>Any value</u> 	<ul style="list-style-type: none"> <u>Executive</u>
<u>4.25</u>	<ul style="list-style-type: none"> <u>Allocation of capital contingency budget</u> 	<ul style="list-style-type: none"> <u>Any value</u> 	<ul style="list-style-type: none"> <u>Executive</u>
<u>4.8</u> <u>4.17</u> <u>4.18</u> <u>4.19</u> <u>4.24</u>	<u>Changes to the overall Capital Programme</u>	<ul style="list-style-type: none"> <u>Up to 0.5% of Capital Programme and less than £1M</u> <u>Over 0.5% of Capital Programme and less than £10M</u> <u>Over £10M</u> 	<ul style="list-style-type: none"> <u>S151 Officer</u> <u>Executive</u> <u>Executive and Full Council</u>
<u>4.21</u>	<u>Addition of new capital schemes from the Pipeline List</u>	<ul style="list-style-type: none"> <u>Must comply with all limits above</u> 	<ul style="list-style-type: none"> <u>Must comply with all the above</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

Procurement strategies and contract awards

(Exemptions apply for specific posts)

- Value Band i) Up to £5k (revenue and capital)
- Value Band ii) Up to £25k (revenue and capital)
- Value Band iii) £25k - £178k (revenue and capital)
- Value Band iv) Up to £250K (revenue) / Up to £500k (capital)
- Up to £500k (revenue) / Up to £1m (capital)
- Up to £2M (revenue) / Up to £5m (capital)
- Over £2M (revenue) / Over £5m (capital)
- Budget holders Graded PO1 and above
- Budget holders Graded PO4 and above
- Deputy Heads of Service/Service Managers/Budget Managers/Business Managers and above
- Heads of Service (generally PO8+) - reporting to Chief Officer and Officers on Chief Officer grade CO3 or CO4 and above
- Service Director/Director (Grade CO2) and above and Assistant Director, Procurement and Supply
- Corporate Director (Grade CO/CO1) or S151 Officer or Chief Executive or Director of Public Health or Director of Adult Social Care
- Executive

<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 £500k</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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	<u>Procurement card transactions / expenses</u>	<ul style="list-style-type: none"> • <u>Up to £500 per transaction</u> • <u>Up to £2k per transaction</u> • <u>Above £2k per transaction</u> 	<ul style="list-style-type: none"> • <u>awarded based on need to any non-agency member of staff where approved by the Assistant Director of Finance or Deputy Director of Finance</u>
	<u>Approving compensation payments</u>	<ul style="list-style-type: none"> • <u>Up to £1k</u> • <u>Up to 100k</u> • <u>Above £100k</u> 	<ul style="list-style-type: none"> • <u>Deputy Heads of Service/Service Managers/Budget Managers/Business Managers and above</u> • <u>Chief Officer grades</u> • <u>S151 Officer and Monitoring Officer</u>
5.15	<u>Awarding grants</u>	<ul style="list-style-type: none"> • <u>Up to £178k (revenue and capital)</u> • <u>Up to £250k (revenue) / Up to £500k (capital)</u> • <u>Up to £500k (revenue) / Up to £1m (capital)</u> • <u>Above £500k (revenue) / Above £1m (capital)</u> 	<ul style="list-style-type: none"> • <u>Deputy Heads of Service/Service Managers/Budget Managers/Business Managers</u> • <u>Heads of Service or Chief Officer Grade CO3/ CO4</u> • <u>Director on grade CO2 and above</u> • <u>Executive</u>
	<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>In line with the council's corporate crisis response plan</u>	<u>In line with the council's corporate crisis response plan</u>

	<ul style="list-style-type: none"> <u>Expenditure in an emergency situation</u> 		
OTHER			
	<u>Placing of treasury investments</u> <u>Placing borrowings</u>	<ul style="list-style-type: none"> <u>Up to £20m</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>7.1</u> <u>7.3</u>	<u>Disposals of non-land assets (Materials, plant, machinery, fittings, equipment, stocks or inventories)</u>	<ul style="list-style-type: none"> <u>Up to £50k</u> <u>£50k and above</u> 	<ul style="list-style-type: none"> <u>Corporate Director</u> <u>Executive</u>
Acquisition and disposal of land assets (land and real property) and leases			
<u>7.4</u>	<u>Acquisition of land or real property other than by compulsory purchase order</u>	<ul style="list-style-type: none"> <u>Up to £1m; and for 20 years or less</u> <u>Above £1m and for more than 20 years</u> 	<ul style="list-style-type: none"> <u>S151 Officer</u> <u>Executive</u>
<u>7.4</u>	<u>Disposal of freehold interests in land assets with the exception of void council owned homes, and grant leases at a premium</u>	<ul style="list-style-type: none"> <u>Up to £1.5m, under best consideration</u> <u>Above £1.5m</u> 	<ul style="list-style-type: none"> <u>S151 Officer</u> <u>Executive</u>

7.4	<u>Grant leasehold interests</u>	<ul style="list-style-type: none"> • <u>Up to £250k annual rent payable, under best consideration; and for 20 years or less</u> • <u>Above £250k and for more than 20 years</u> 	<ul style="list-style-type: none"> • <u>S151 Officer</u> • <u>Executive</u>
7.4	<u>Grant leases to voluntary sector and community bodies</u>	<ul style="list-style-type: none"> • <u>Up to 125 years at or below best consideration</u> 	<ul style="list-style-type: none"> • <u>Executive</u>
	<u>Value for including items in fixed asset register</u>	<ul style="list-style-type: none"> • <u>£10k</u> 	

